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# Latin America Report

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## LATIN AMERICA REPORT

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## BRIEFS

ANTARCTIC MINING--(NA)--The 14 nations of the Antarctic Treaty, Argentina and Chile among them, will "decidedly" start analyzing the legislation for mining and mineral exploration in the Antarctic starting next year, the Foreign Ministry said on Wednesday. The decision to do so was taken at the end of the 11th meeting of signatory nations held in Buenos Aires last month. The representatives agreed that the legislation for Antarctic mineral wealth be looked into early next year at a meeting to be held in New Zealand. The Foreign Ministry statement said that considerations such as the preservation of the continent's ecology, the protection of its fauna and sea life will be at the top of the agenda for the New Zealand meeting next year. The statement points out the determination of the 14 nations "to decidedly tackle the thorny issue of legislation for the exploration and exploitation of the area's mineral wealth." The statement also ratifies Argentina's sovereign rights in the Antarctic, based on "solid" legal, geographic, and historical grounds, as well as 77 years of Argentine presence on the continent. [Excerpt] [PY101913 Buenos Aires HERALD in English 10 Jul 81 p 11]

WESTERN OIL STATEMENTS DENIED--Rio de Janeiro, 11 Jul (TELAM)--Juan Gonzalo Carrasco, representative of Bolivian Government Oil Deposits [YPFB] in Brazil, denied today rumors that the natural gas subject to the agreement signed between Bolivia and Brazil would be the sole property of U.S. Western Oil Company. Carrasco stated that any gas deposit found and exploited in Bolivia is the property of the Bolivian Government and that the YPFB itself will supply Brazil the 10 million cubic feet of gas under the agreement signed between the two countries. He explained that the U.S. Western Oil Company operates in Bolivia under a risk contract and that the amount of gas that company found is small compared with YPFB gas deposits. The YPFB representative's denial was prompted by declarations recently made in Brasilia by U.S. Western Oil Company president Armand Hammer. According to the press, Hammer had affirmed that the Bolivian gas was property of his company. [Text] [PY131949 Buenos Aires TELAM in Spanish 1705 GMT 11 Jul 81]

CSO: 3010/1535

## ADEPA PROTESTS SUIT AGAINST ROUCO

PY131942 Buenos Aires HERALD in English 13 Jul 81 p 9

[Text] (NA)--The filing of a lawsuit against LA PRENSA columnist Jesus Iglesias Rouco "constitutes one more attempt against freedom of the press," the Newspaper Owners' Association (ADEPA) has said.

"No one could think that the accused journalist has carried out spying activities, but (what he did instead was) to fully exercise his duty and the freedom to inform," ADEPA said in its statement.

The military government 10 days ago handed to the national prosecutor two LA PRENSA articles bylined by Iglesias Rouco on June 21 and 25, which disclosed alleged statements made by Cardinal Antonio Samore, Pope John Paul II's personal representative in the Vatican mediation of the southern border dispute between Argentina and Chile.

According to the journalist, Samore heavily criticized the Argentine authorities' behavior in the mediation process, charging them with "offending the Pope" by taking 3 months to answer one of Holy See's proposals.

ADEPA said in its statement that "starting a trial against a journalist of LA PRENSA on the basis of Article 222 of the penal code constitutes yet another attempt against freedom of the press, this time under the cover of respect for the judiciary."

"Reading the incriminated newspaper articles shows that the journalist did nothing but disclose a conversation between a diplomat and Monsignor Samore, about facts and events which are not secret, but public and well-known instead."

Article 222 of the penal code provides for "jail terms from 2 to 8 years for anyone who happened to disclose political or military secrets concerning the security, the means of defense or the foreign relations of the nation."

ADEPA adds that "actually, what the papal mediator said was not and is not a secret. At most, before being on paper, the secret did the rounds, and publishing as a secret what is publicly known constitutes an attempt to commit an impossible crime.

"What is indeed strange is the fact that the suing official should single out a journalist (working for) a daily which carries on an incorruptible preaching, and against which economic measures were recently taken, which it has clumsily attempted to censor, and another of whose columnists recently suffered a vandalic attack."

Manfred Shonfeld, another LA PRENSA columnist, was recently attacked with a blunt object, losing five teeth as a result.

CSO: 3020/125



## 'LA NACION' CRITICIZES SOVIET STANCE ON ANTARCTIC

PY100\50 Buenos Aires LA NACION in Spanish 8 Jul 81 p 8

[Editorial: "Risks for the Argentine Antarctic"]

[Text] On the eve of the 11th meeting of signatories of the Antarctic treaty and in his first statement at his arrival in Argentina, Yevgeniy Tolstikov, deputy chairman of the State Committee for Hydrometeorology and Environmental Control reaffirmed his government's position of not recognizing sovereign rights over the Antarctic territory to any country. He made it clear that despite the good relations existing with Argentina, the USSR "will not make any exceptions in this respect."

Even though the Soviet intentions with regard to the White Continent and with the rest of the earth are well-known, Tolstikov's statement was still surprising both because it was unexpected and because it was in no way related to the agenda to be discussed at the meeting. When the meeting was announced, we emphasized in this column the need to promote a clear, in-depth national consciousness about the Argentine Antarctic and its future in support of our unrenounceable sovereign rights which, despite being founded on historical, legal, geographical and geological reasons, are always exposed to being undermined by the never-ending play of international interests that seem to focus on that potentially rich zone, especially in petroleum.

The Soviet delegate is the representative of a power which, despite being a signatory of the Antarctic pact--which had been signed, among other things, with the express purpose of preserving the fauna and flora in that region--did not hesitate in systematically catching whales, which one after one were picked up by factory ships to the verge of extinction. Naturally, the extinction of whales caused a serious ecological imbalance and the proliferation of shoals of krill, the tiny crustaceus which seems to offer, in view of its high protein richness, a solution in principle to the world food market. Krill studies which the signatories of the Antarctic pact themselves entrusted to an oceanographic commission--which is committed to implementing a program called "biomass" in the southern seas--have not yet been completed. During the trip, the members of the above scientific expedition were confronted with the alarming fact that a well-equipped Soviet fleet consisting of more than 30 ships has been catching

krill in the area. Disregarding every biological, ecological or human consideration and acting with the hastiness illegal depredators usually observe, the Russian fishermen seemed to be at the early stage of a new irrational exploitation of natural resources far away from their jurisdictional waters.

The above unrestrained catch is not only instrumental in revealing the Kremlin's usual lust but in demonstrating once again its inclination to overlooking compliance with international agreements to its own benefits. Furthermore, it is a warning about the risks implicit in the decision of other powers which are signatories of the Antarctic pact to not recognize any country's rights which, quoting the Soviet delegate, "claim sovereignty or have other claims on the Antarctic." Apparently, while claims on the Antarctic are to be frozen, insolent attitudes are not. Yet, despite all this, the Antarctic is an indivisible part of the national territory.

CSO: 3020/125

## ADEPA MEMBERS PRESENT MEMORANDUM TO VIOLA

PY030010 Buenos Aires HERALD in English 2 Jul 81 p 11

[Text] (NA)--Members of the executive committee of ADEPA [Argentine Newspaper Owners Association], the association grouping newspaper owners, held a meeting yesterday morning with President Roberto Viola at the Olivos residence and presented him with a memorandum calling on him to keep the nation on the road to democracy and detailing a number of policy changes they believe would improve the country's image.

The change included the abolishment of the "state of siege," repressive measures affecting the nation's press, and the abolition of privileges granted to the papel Prensa Newsprint Mill.

The committee was headed by Dr Carlos Ovidio Lagos, who on leaving the presidential residence told newsmen that he was favourably impressed by the result of their talk with the president.

"He showed he fully understood the nature of our problems, and promised to do all in his power to arrive at an adequate solution" he told reporters.

The memorandum stresses the need to do away with the import tax on newsprint which was imposed to benefit local production by Papel Prensa, a concern owned jointly by the government and three mass circulation newspapers.

It points out that during the past 180 days the cost of printing increased by approximately 250 percent, due to the devaluation of the peso, import taxes and freight costs. It says that Papel Prensa now has a 112 percent protection, and the high cost of newsprint is forcing the disappearance of newspapers in many parts of the country.

It goes on to say that in granting special privileges to Papel Prensa, the government had violated the terms of the national constitution which rules that the press must not be subject to restrictions which endanger its existence.

The memorandum asks for the abolishment of the state of siege which suspends certain personal freedoms granted by the constitution. ADEPA indicates the emergency measure has served its initial purpose, and that its abolishment would help to improve the country's image abroad.

The association asks for the removal of Article 3 of the security law. An editor who published unofficial reports of subversive activities is theoretically liable to a prison term of from two to five years according to this article.

ADEPA claims this is a constant threat to press freedom. It adds that this legislation was used by a Santa Fe judge to prosecute two newspaper editors and is liable to be exhumed by other judges at any time.

The memorandum expresses its hope that in spite of the present difficult times, the government will not cease in its efforts to restore a state of representative democracy in Argentina.

Ovidio Lagos said that Viola was very understanding of complaints against current press restrictions when he was told that when news concerning certain matters are printed with objectivity and responsibility they cannot in any way be deemed to be fostering subversion or violence.

CSO: 3020/125

## BRIEFS

ECONOMIC CRISIS--(NA)--An immediate emergency plan to cope with the current economic crisis was advocated by CONAE, the national business assembly in a memorandum presented by the entity to Labour Minister General Horacio Liendo [as published]. The CONAE memorandum recommends that the government declare a bank debts moratorium, and a similar moratorium on taxes, as well as a liberal line of loans for business enterprises. Other suggestions are a drastic reduction in interest rates, a reduction in government spending, as well as urgent steps to prevent dumping of foreign subsidized goods on the Argentine market. It says the crisis has hit all sectors of the country, with thousands of people having their electric power cut off because they are unable to pay for services, and others deciding on their own account not to pay debts due to their local banks. The CONAE executive officers who visited Liendo represented business firms and industrialists in all parts of the country. Humberto Volando, head of the Argentine agrarian federation said the minister had shown his concern due to the probable political implications with regard to the present economic and labour crisis. Jose Canaballa, representing Santa Fe industrialists said they were totally in favour of the national reorganization process but felt that something drastic had to be done to find a remedy to the current crisis. [Excerpts] [PY022335 Buenos Aires HERALD in English 2 Jul 81 p 11]

CSO: 3020/125

## GOVERNMENT WARNS MEDIA TO ADJUST TO REALITY

PY032013 La Paz Radio Illimani Network in Spanish 1130 GMT 3 Jul 81

[Text] In order to comply with the Bolivian law regarding media organizations and the loyal fulfillment of their duties, the National Reconstruction Government has decided to urge all those responsible for the country's media to refrain from releasing reports which do not adjust to the country's reality.

The official communique released in this regard was delivered to the media by press and information secretary general (Enrique Crespo).

[Begin (Crespo) recording] Several media have violated the legal provisions of the penal code which rules the country by releasing alarming reports on subversive activities in the past few days. Despite the fact that some of the norms provided for in the constitution have been violated the National Reconstruction Government, headed by Gen Luis Garcia Meza Tejada, in order to fully guarantee the freedom of press and to make sure that it does not stray away from its specific mission, has decided to urge, for the last time, those responsible for the media to refrain from releasing reports which do not adjust to the reality of the country in order to comply with the Bolivian provisions regarding media organizations and the loyal fulfillment of their duties. [end recording]

In answering questions made by journalists the government's official spokesman then referred to the measures adopted by the government in view of the behavior of some of the media sectors in the past few days.

[Begin (Crespo) recording] Yes, I can say that some articles of the laws regarding press [passage indistinct] have been violated. [end recording]

CSG: 3010/1535

## FINANCE MINISTER EXPECTS RENewed IMF NEGOTIATIONS

PY111346 Buenos Aires LATIN in Spanish 2105 GMT 9 Jul 81

[Text] La Paz, 9 Jul (LATIN)--Official sources have indicated that Bolivia will resume credit negotiations with the IMF after it has defined its internal political situation.

Finance Minister Jorge Tanayo Ramos was quoted by the press as saying that the La Paz government will resume negotiations with the IMF after 17 July when the succession to President Luis Garcia Meza will be decided.

The minister met with private businessmen to discuss the country's economic situation last night. He revealed that the IMF has postponed the negotiations of a \$219.7 million credit until the internal political situation of the country is settled.

Tanayo told the newspaper PRESENCIA, however, that he recognizes that there are problems in the economy but that these problems may be overcome by the end of this year.

He indicated that an inter-ministerial commission has begun a detailed study of Bolivian economy and finance. He added that the FRG, Canada and France have joined the United States in the last few months in stopping economic aid to Bolivia.

However, he discarded the possibility of a devaluation, saying that these concepts (devaluation and inflation) are not included in our program.

In Bogota, Michael Cendrowicz, administrator of the EEC preferential tariff services, said that the EEC will not sign any cooperation and economic exchange agreement with the Andean Pact as long as there are no considerable changes in the Bolivian situation, a member country of the pact.

CSO: 3010/1535



## BRIEFS

**MINIMUM SALARY DEMAND**--La Paz, 3 Jul (AFP)--The Catholic morning newspaper *PRESENCIA* reported today that the labor representatives of the Catavi and Siglo Veinte mining districts, considered to be the country's most combative, have asked for a minimum salary of approximately \$500 (12,400 Bolivian pesos) per month. The request has caused expectation in public opinion because the minimum income of the miners is under \$200. The labor representatives are the bearers of a document that has been studied and approved during meetings that were held by the workers and that today will be submitted to the Labor Ministry and to the Mining Corporation of Bolivia (COMIBOL). The document acknowledges that the mining industry is currently in a critical stage due to the deterioration of the economy, to the high external debt, to inflation and to monetary devaluation. The labor spokesmen have warned that the income of the miners has deteriorated a lot since the middle of last year and that they have not received any type of compensation for that deterioration. [Text] [PY090358 Paris AFP in Spanish 1545 GMT 3 Jul 81]

**EEC INTEREST IN PEASANT**--La Paz, 11 Jul (AFP)--It was reported here today that during an interview with Foreign Minister Mario Rolon Anaya EEC representatives expressed their interest in the situation of Genaro Flores, a peasant leader, who was arrested and wounded by government security agents on 19 June. Regarding this matter, Rolon Anaya indicated that he had already seen to it that Flores' wound, which he received when trying to escape from his captors, should be attended. When he was arrested by members of the special security service (SES), Flores was wounded in the spine, which has left his legs without any sense of feeling. According to medical reports, Flores urgently needs special attention in a medical center abroad. This medical attention has been offered by France through its representative in Bolivia. Moreover, it was reported that Rolon Anaya consulted the European diplomats about the statements made by an EEC official in Bogota, Colombia, to the effect that conditions will be imposed on Bolivia before the signing of agreements with the Andean sub-regional group. It was indicated that the European representatives expressed their surprise, because they have no knowledge of an official declaration in this respect and that their governments have not given any instructions to their embassies in La Paz. [Excerpts] [PY131354 Paris AFP in Spanish 1558 GMT 11 Jul 81]



RAILROAD BOMBING ATTEMPT--La Paz, 2 Jul (TELAM)--Oscar Roman Vaca, prefect of Santa Cruz Department has reported that an attempt to blow up the railroad to Corumba (Brazil) was thwarted last Saturday and blamed extremists for this deed. The prefect revealed that two dynamite charges were discovered under the rails in the central station on Saturday morning. The explosives did not get a chance to detonate. Speaking about this event he recalled that it was supposed to take place on the very date when a subversive coup took place in La Paz and indicated that the idea seems to have been to disrupt the tranquillity and order prevailing in that eastern department, 1,000 km from La Paz, and urged those who are behind these deeds to give up their efforts and help attain national unity. Investigations carried out so far indicated that the explosive used (dynamite) to blow up the Caranda-Colpa-Palmasola oil pipe and those discovered under the railroad are similar to those seized during antidrug operations. [Excerpts] [PYO 30359 Buenos Aires TELAM in Spanish 1955 GMT 2 Jul 81]

CSO: 3010/1535

## REAGAN'S FOREIGN POLICY HELD MORE REALISTIC THAN CARTER'S

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Jul 81 p 3

[Editorial: "The Romanticism of Carter and the Realism of Reagan"]

[Text] Former President Jimmy Carter broke the silence he had maintained since leaving the White House last January to criticize his successor, blaming him for the lack of dialogue about strategic arms with the Soviet Union. In this regard, the former president said: "We will certainly weaken the Atlantic Alliance and compromise our reputation as a peace-loving people if we continue leaving to the Soviet leaders the unfair but important propaganda advantage arising from our unwillingness to gain control of nuclear arms through negotiations."

Such words demonstrate the naive view that Jimmy Carter has of East-West relations and explain his efforts during the time he was in the White House to secure ratification of the SALT II agreements. It is significant that his efforts were compromised by the invasion of Afghanistan, in that it shows the different concepts held by each party of the nature of East-West relations. Soviet leaders, as in fact they themselves admit, intend to negotiate with the West without prejudice to their right to continue the ideological struggle, which is to say the struggle for their own strongly anti-Western interests. That struggle can include intervention in Angola, with the help of Cuban mercenaries, as well as the invasion of Afghanistan. Detente is intended precisely to assure that the West will not get in the way of Soviet expansionism.

In regard to disarmament, former FRG Chancellor Willy Brandt has just been used to convey a Soviet proposal to "freeze" missile installation in Europe. Its acceptance will be equivalent to sanctioning the current advantage of the USSR, which would continue in a position of military superiority over the West. The options of the Free World are, in this case, to capitulate, accepting, through an exaggerated desire for peace, inferiority itself--and the USSR would benefit not only militarily but also propagandistically inasmuch as the "peace" proposal was initiated by Moscow --or to be more realistic and try to eliminate the inequality in a world where, whether one likes it or not, peace is better assured by a balance of power than by purely demagogic initiatives.

In the SALT talks the Kremlin betrayed the West's trust by deceiving then President Nixon about the number of submarines permitted by the first agreement; and tried to take advantage of the second also.

Carter now reveals that his position on that occasion was inspired by the illusion that by yielding the United States could achieve the reputation of a "peace-loving people." But experience shows that this fame was not achieved by the capitulation in the SALT I agreement. Instead, Soviet propaganda even claims the United States to be responsible for the invasion of Afghanistan, as Moscow's dispatch of troops was no more than "fraternal aid" to help end foreign interference in that nation. Only a few days ago, on receiving the naive plan of the European Economic Community for solving the problem, Brezhnev repeated this cynical thesis, which the Kremlin repeats because, knowing full well the mental impoverishment of international leftists, it knows there will always be someone who believes it.

With his childish hope of achieving fame as a man of peace, Carter succeeded not in strengthening the Atlantic Alliance, as he thinks, but in weakening it. President Reagan's foreign policy is based upon far different and, unquestionably, much more realistic concerns. As he himself declared in Chicago: "Basically, a good foreign policy is the use of common sense in relations with friends and potential enemies." And use of common sense in relations with an enemy that understands only the language of force certainly does not consist of capitulating for the sake of a romantic love of peace.

Inspired by his realism, the Reagan administration intends to pursue a policy for development of the Caribbean already being called the "Marshall miniplan" in allusion to the plan that made the resurgence of West Europe possible after World War II. Mexico, as concerned about not displeasing the international leftists as Carter was in achieving the title of peace-lover, has made it clear that it accepts U.S. economic aid but will not agree to any plan that might restrict the USSR and communism in the region and, furthermore, still protests because Cuba and Nicaragua will not be included in the "Marshall miniplan."

It is a very curious position. The two countries have made their ideological choice and what Mexico wants is that they be situated politically and ideologically in the East but continue receiving economic aid from the West; or, in other words, that, in a kind of fraternal aid to Brezhnev, the United States finance communist revolution in the Caribbean.

But on this point also the Reagan policy prefers the path of realism and firmness. According to the U.S. NEWS AND WORLD REPORT, the United States plans, first, to consolidate its relations with the nations of Latin America and "when Washington has accomplished this, it intends to tell Castro to stop interfering in the internal affairs of other nations because otherwise Cuba will have to contend with the action of the United States."

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CSO: 3001/212

## PCB OFFERS SUPPORT TO STATE GUBERNATORIAL CANDIDATES

## Montoro Expresses Surprise

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Jul 81 p 2

[Text] Communist leader Giocondo Dias said in Salvador yesterday that, among the probable candidates for governor of Sao Paulo in next year's election, "everything indicates that Sao Paulo communists are most favorable to Senator Franco Montoro." Giocondo did not specify the reasons leading to support of Montoro, but asserted that the criterion adopted to support candidates for state governor will be "the capacity of each one to unify the opposition."

In Brasilia, the senator expressed surprise on being informed of the PC (Communist Party) support for his candidacy and asserted he does not know Giocondo Dias personally nor has he had any contact with him regarding the matter. "If this support exists," said Montoro, "it is spontaneous. I must know upon what terms this attitude is based in order to evaluate it more thoroughly."

Franco Montoro said he has received spontaneous expressions of support for his candidacy from all sectors of society, "from labor unions, professional associations, to some 400 of the 520 PMDB (Brazilian Democratic Mobilization Party) municipal directorates in Sao Paulo."

## Other States

Montoro was not the only person mentioned by Giocondo Dias as a candidate supported by the communists. According to him, the PC, following its usual course of operation, is likely to support former state attorney Waldir Pires in Bahia.

"In Rio de Janeiro," said Dias, "the communists are still looking for a name representing real unity of the opposition parties." But he admitted that, in principle, Senator Saturnino Braga "is a good candidate" and may eventually be supported.

Giocondo Dias also said he favored unity of the opposition parties for the 1982 election, although explaining that such unity should form "a broad democratic front without involving merger of the parties into a single body." In his opinion, merger "would face difficulties of a legal and political nature."

In the interview he granted at the headquarters of the Bahia Association of Professional Journalists, Giocondo Dias stressed that Brazilian communists continue working for their party's legalization and for the right to legal existence of each and every political group, "as is in keeping with a genuine democracy.

"But as long as they do not give us the right to legality, we have the right to join any organization that accepts us," he emphasized.

#### Support

Hence, Brazilian communists will support candidates of any opposition party, provided "they are committed to support of democratic freedoms and the interests of the Brazilian people." He said, further, that in principle the communists prefer the PMDB: "It is the heir to the MDB [Brazilian Democratic Movement], the party with which we always sought to collaborate, and it is the largest opposition party in Brazil." He repeated, however, that "we will support any good candidate of any opposition party."

Finally, he criticized the opposition because "they are not united and, being dis-united, have no initiative, which always remains with the government forces. Opposition forces should unite and offer Brazilian society, as an alternative, a minimum program based on the common points of their separate platforms," he remarked. In this way, "it would be much easier to mobilize the nation's democratic forces."

#### Advocates 'Broad Party Front'

Rio de Janeiro O GLOBO in Portuguese 27 Jun 81 p 4

[Text] Attorney Givaldo Siqueira, member of the Central Committee of the Brazilian Communist Party (PCB), said here yesterday that three candidates for state governor in 1982 have received the support of the communists. Siqueira said the PCB is engaged in the electoral campaign of Senator Marcos Freire (PMDB-PE [Pernambuco]), of former Amazonas governor Gilberto Mestrinho (PTB [Brazilian Labor Party]--AM [Amazonas]) and the former mayor of Goias, Iris Resende (PMDB--GO [Goias]).

According to Givaldo Siqueira, the three candidates are committed to conducting a government of democratic coalition if victorious in the election, a program endorsed by the PC. He said that in the other states the party will support other candidates, although it is still not decided who they will be. In Rio de Janeiro and in Sao Paulo--according to the lawyer--the PCB has talked to all declared candidates, but nothing is yet decided there either.

Siqueira said the communists support formation of a broad party front, even including segments of the PDS [Social Democratic Party] and certain sectors of the current regime who in his view are also committed to restoring democracy in the nation.

He criticized the current position of the opposition in regard to arbitrary proposals and said that mobilization of all sectors of society in support of the 1982 elections is now important for the opposition.



## Document

The Central Committee of the Brazilian Communist Party (PCB) released in Rio yesterday a 10-page document in which it suggests formation of a broad party front including representatives of civilian society and of the armed forces, as an alternative to guarantee elections in 1982 and consolidate democracy in the nation.

The document bears the signature of the party secretary general, Giocondo Dias, and of four members of the Central Committee--Civaldo Siqueira, Teodoro Melo, Tenorio de Lima and Salomao Malina. Besides the Brazilian political situation, the document analyzes the world crisis, disturbed, according to the communists, by the election of Ronald Reagan as president of the United States.

### Freire, Pires, Rezende Supported

Rio de Janeiro JORNAL DO BRASIL in Portuguese 21 Jun 81 p 8

[Text] Sao Paulo--Pernambucan communists are being called upon to support the candidacy of Senator Marcos Freire for state governor, although the PCB does not hide its liking for former Governor Miguel Arraes and former Deputy Jarbas Vasconcelos. This information is contained in an interview the writer and well-known communist militant Paulo Cavalcanti gave to the VOZ DA UNIDADE newspaper, mouthpiece of the PCB. The PCB prefers Waldir Pires to Deputy Chico Pinto in Bahia and Iris Rezende in Goias.

In a front-page editorial, the communist newspaper rejects any attempt to confront the armed forces as a result of the investigation of the assassination attempt in Riocentro and does not want those involved to be "taken en masse to the defendant's bench." The paper says: "The real problem is to engage all patriots in a struggle without quarter against any form of political action that hampers the democratic normalization of Brazilian life."

After analyzing the political and electoral situation in Pernambuco, VOZ DA UNIDADE publishes an interview with Paulo Cavalcanti, saying that the nation's opposition parties "have thus far only countered the system, after being wounded by the consumption of 'packages' and arbitrary measures intended to prevent full achievement of democracy. We must choose," says the writer, "our time and place, with the instruments of struggle that seem most timely to us to cope with the enemies of democracy."

On behalf of Pernambuco communists, Cavalcanti urges "immediate mobilization of the people behind the candidates" and in a specific reference to his own state asserts: "If Marcos Freire is the name that unites the democratic forces of the state--and we communists believe he does--we must go out with him to the public rallies, without underestimating or casting aside such great leaders of the PMDB as Arraes and Jarbas, and those of other opposition parties."

The paper reports on the three persons running for governor of Bahia--Waldir Pires and Francisco Pinto of the PMDB and Roberto Santos of the PP [Popular Party]--concluding that all of them, in their own way, desire the opposition to be united in 1982. "The three names meet satisfactory conditions to be candidates, but some restrictions limit the individual chances of each. For many democratic sectors the

name of Waldir Pires is the one having the best possibilities in the state. The support he enjoys in various sectors of the PMDB makes him the most likely to galvanize the state's opposition voters. From now on his candidacy may grow and take shape, to the degree that those of Roberto Santos and Chico Pinto exhaust their possibilities for growth," the newspaper writes.

In Goias the communist organ contends that with Iris Rezende or even Senator Henrique Santillo "there is no doubting the victory of the opposition," adding: "To confront the government and its power of corruption, the PMDB, despite its internal differences, will not fail to elect the governor."

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CSO: 3001/212

## MISSILE PRODUCTION CITED AS PRIORITY OF GOVERNMENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jun 81 p 5

[Text] Paraiba Valley--The government, through the Funding Authority for Studies and Projects (FINEP), agency of the National Economic Development Bank (BNDE), is financing 66 technological projects considered "priority" by the armed forces--with a total value of 20,418,600,000 cruzeiros--for conducting research in missile production, precision aviation materiel and ship construction. Almost half of this money, however, is for financing the Armed Forces Missile Program.

Most of the 66 projects are in a final phase of development, 47 under the responsibility of research institutions maintained by the armed forces--with funds of 18.3 billion cruzeiros--and the remaining 19 being divided among 14 state and private enterprises of domestic capital, whose investments in the area are 2,118,600,000 cruzeiros. In all the projects underway several research institutions and private companies participate simultaneously, a fact that shows the high interest of the military ministers in the rapid progress of these programs that over the intermediate term are to incorporate in the regular production lines of Brazilian ordnance industry new types of armaments developed in this nation.

## Missiles and Rockets

Government emphasis on increasing research on missiles and rockets is due to the fact that in this field national technology surpassed expectations to the point that Avibras Aeroespacial S/A--a small industry in Sao Jose dos Campos that is full of mysteries--exported last year about \$20 million in ballistic missiles. These missiles were mass-produced based on a stage of a rocket for scientific research developed by the Space Activities Institute (IAE), an organ of the Air Ministry that in the last 15 years planned, developed and launched over 2,000 rockets for scientific research.

However, as a rocket is a vehicle of transportation whose cargo is determined by the user, many of the articles incorporated in the Avibras production line were developed by the Ordnance Systems Division of the IAE in Sao Jose dos Campos. Any type of equipment can be placed in the nose of a rocket, from inoffensive cameras (for mapping the soil of a given region) to explosives, including nuclear devices--at which point the rocket changes its name and becomes called a "missile."

The most important missile project being developed by the IAE is called the Piranha. It is an infra-red device, the first self-guided one developed in the so-called Third



World. It has a deadly efficient payload when used in aerial combat or intercepting missions: after being fired, it pursues the target through infra-red sensors that follow the heat of the other aircraft's engine until it hits it. This powerful weapon is to be combined with other Brazilian equipment to be used in the AMX pursuit and attack jet aircraft, an Italian-Brazilian binational project to be made jointly by EMBRAER [Brazilian Aeronautics Company], Aeritalia and Macchi Aviation, whose product is to be launched in 1985.

To carry out this and other projects for missiles and teleguidance, the government approved and will finance, beginning in January, construction of two industries in the municipality of Sao Jose dos Campos. The first is a polybutadiene factory under the responsibility of PETROQUISA [Petrobras Chemical Corporation], a subsidiary of Petrobras, that will use the facilities of the largest oil refinery in Latin America, REVAP [Paraiba Valley Refinery?], on the outskirts of Vila Dutra. Beginning production of polybutadiene on a commercial scale is planned for the middle of 1984.

The other project is for building an ammonium perchlorate factory under the responsibility of the Air Ministry, with inauguration scheduled for 1983. Polybutadiene and ammonium perchlorate are raw materials for solid propellants for missile fuel. It is a "composite" fuel, whose technology is mastered by Brazilian scientists, as they have since 1964 propelled the rockets launched periodically in Barreira do Inferno.

But modern technology gives preference to liquid propellants over solid because the former provide more power and are recommended for gigantic long-range projects, providing more thrust and better control of the vehicle. But they require extensive investments and sophisticated technology, whereas solid propellants are more economical.

According to IAE specialists, the secret to manufacturing a missile is not the propellant, but the ideal mixture for an effective yield from preparation of the additives. However, in regard to placing nuclear warheads in missile noses, the technical people reply merely that "a rocket is a transportation vehicle whose cargo is determined by the user."

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## NETTO: MONETARY POLICY NOT CAUSE OF UNEMPLOYMENT; FIGURES

## Import Restrictions Blamed

Rio de Janeiro O GLOBO in Portuguese 9 Jul 81 p 26

[Text] "We are paying a high price when we cannot provide employment for everyone this year," Planning Minister Delfim Netto said yesterday in a lecture at the Naval War College.

"Some people in the industrial areas hit hardest by this problem," he asserted, "think this is due to our monetary policy. They think we are hard-hearted monetarists. But they are wrong: the sectoral unemployment problem we are confronting has nothing to do with monetary policy. It has more to do with the higher prices of imports than with credit restrictions."

According to him, the government decided to solve the balance-of-payments problems first in order to later reduce the rate of inflation, inasmuch as resumption of an accelerated economic growth rate depends upon overcoming the deficit in foreign accounts.

"That is why we gave priority to organizing foreign accounts and expanding exports, because only by getting some relief in the balance of payments can we support higher rates of development that require less restriction of imports. Only with elimination of such restrictions and faster growth can we provide more jobs. Until this happens, we must continue to constantly expand exports, because they can provide jobs immediately, as can the energy programs and the stimulation of agriculture," declared Delfim Netto.

## Inflation

The planning minister asserted that the government has succeeded in organizing the foreign accounts and is now solving the other two serious problems: domestic energy production and fighting inflation.

According to Delfim, 1 year ago many people thought Brazil would not be able to solve its balance-of-payments problems and would have to resort to the International Monetary Fund (IMF) in order to meet its commitments.

"Brazilian society paid its price, working hard, bearing up under the higher petroleum prices, saving fuel and, especially, making a great export effort. Today the

situation has changed radically: the trade balance is close to equilibrium and we are getting the foreign funds needed to turn over the debt and settle the balance of payments."

The planning minister believes the solution to the problem was reached with the least possible social cost. He acknowledged that the government had to make some decisions that were incompatible with each other, because in order to reorganize foreign accounts and reduce dependency on imported energy inflationary measures were adopted.

"In combating inflation we also did what was possible: we strongly supported production of foodstuffs and established an austere monetary policy. The results are beginning to appear, thanks to the abundant crops that exerted and will continue to exert downward pressure on food prices," said Delfim Netto.

He also summarized the government's efforts in the energy field, recalling investments in PROALCOOL [National Alcohol Program] and PROCARVÃO [National Coal Program], construction of hydroelectric plants and petroleum exploration.

"These facts show that economic policy is taking Brazil in the right direction: it is overcoming external restraints and controlling inflation. But we must persevere along this road so we can later return to rapid growth, increasing the number of jobs," declared Delfim Netto.

#### Interview

In a brief interview when leaving the Naval War College, the planning minister said the nation is not in danger of ending the year with a trade deficit, because the goal of exporting \$25 billion will be reached.

"We never said we would export \$26 billion. It was Laerte Setubal who said that--and who has now revised his estimate."

Delfim again refused to make any prediction about what the inflation rate will be this year, but said that from now on prices will rise less.

"They will not be lower. But their rate of increase will be less."

In response to the statement by the president of the São Paulo State Federation of Industries (FIESP), Luís Eulálio Bueno Vidigal, that the nation is already in a recession, Delfim Netto asserted that there is no recessionary process and that the reduction of industrial activity was caused by the balance-of-payments problems, which forced the government to adopt measures restricting imports.

Regarding the proposal by businessmen to revise the Wage Law, doing away with semi-annual adjustments, Delfim said nothing has been decided about this.

"We are merely listening to the arguments."

### May Unemployment Declines

Rio de Janeiro O GLOBO in Portuguese 1 Jul 81 p 16

[Text] May unemployment rates computed by the Brazilian Institute of Geography and Statistics (IBGE) were lower than during April in four metropolitan regions: Rio de Janeiro, Sao Paulo, Belo Horizonte and Porto Alegre; they were slightly higher in Salvador and unchanged in Recife.

But in comparison with the same month last year, unemployment rates were sharply higher in Sao Paulo (from 5.85 to 7.30 percent), Belo Horizonte (from 7.75 to 9.56 percent) and Porto Alegre (from 4.60 to 6.39 percent). In Rio de Janeiro the unemployment rate increased from 8.12 to 8.87 percent.

### Underemployment Soars

Rio de Janeiro GAZETA MERCANTIL in Portuguese 7 Jul 81 p 3

[Text] Underemployment increased substantially from April to May of this year, precisely the period during which rates of open unemployment began to decline in the nation's major metropolitan regions. According to the monthly IBGE employment survey, whereas unemployment declined less than 1 percentage point in four of the regions surveyed--Rio de Janeiro, Sao Paulo, Belo Horizonte and Porto Alegre--underemployment rates rose at least 5 percentage points during the same period not only in these but also in the other two regions of the survey, Salvador and Recife.

The number of underemployed--persons working 40 or more hours per week but receiving less than the regional minimum wage--was 888,530 persons in all regions surveyed during the month of April. The combined number of underemployed in all regions during May was 1,617,346, which indicates an 82-percent rise in underemployment.

The highest percentage of underemployment was in Recife: 25.08 percent of the work force (economically active persons over 15 years of age) was working 40 or more hours per week and receiving less than the regional minimum wage. The lowest rates were in Porto Alegre (12.11 percent) and Sao Paulo (12.53 percent). Underemployment in Rio de Janeiro was 13.19 percent of the work force. Belo Horizonte and Salvador had 19.01 percent and 19.33 percent respectively.

### Comparison

Observation of the rates throughout 1980 and in the early months of this year shows that the periods of sharply higher underemployment for the regions as a whole were June and November of last year and now May of this year. From April to May the number of underemployed increased 125 percent in Sao Paulo, 75 percent in Porto Alegre, over 60 percent in Recife, Belo Horizonte and Rio de Janeiro and 50 percent in Salvador.

The combined work force of the 6 metropolitan regions where the IBGE survey is made is 11,218,700 persons. Underemployment--1,617,346 persons--represents 14.4 percent of this total. The 1980 performance is being repeated this year, only a month ahead of schedule. Last year underemployment rates declined progressively from

January through May, increased sharply in June, fell through October and reached new highs in November. This year all metropolitan regions in the survey showed declining rates in January in comparison with the last 2 months of last year. In February, March and April the decline continued, but there was a sharp rise in May, similar to that of June 1980.

**Underemployment in May 1981**

<u>Metropolitan Region</u>	<u>Underemployment Rate</u>	<u>Work Force</u>	<u>Number of Underemployed</u>
Rio de Janeiro	13.19	3,446,200	454,553
Sao Paulo	12.53	4,652,100	582,908
Belo Horizonte	19.01	992,600	188,693
Porto Alegre	12.11	845,100	102,341
Salvador	19.33	571,300	110,432
Recife	25.08	711,400	178,419
Total		11,218,700	1,617,346

Source: IBGE Monthly Employment Survey

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## HARVESTING LOSSES ESTIMATED AT 12 PERCENT IN 1980-1981 CROP

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Jul 81 p 23

[Text] Brasilia--Losses in harvesting the 1980-81 crop of soybeans, rice, corn and wheat represent 12 percent of the value of national grain production, estimated by the Brazilian Rural Extension and Technical Assistance Enterprise (EMBRATER) at 685.5 billion cruzeiros in market prices. But, according to the technical forecasts of EMBRATER, such losses can only be reduced to 6 percent of national production, or 44.5 billion cruzeiros, an entirely normal level, according to technicians.

As a matter of fact, Brazilian agriculture is still losing 50 percent of what could be husbanded due to poor preparation of soil, use of seed varieties unsuited to mechanized harvesting, harvesting at an inappropriate season of the year, poor setting of harvesting machinery or poor performance of some makes, presence of weeds and density of plants per hectare, according to the president of EMBRATER, Clauco Olinger.

Through assistance to about 80,000 producers, EMBRATER was able to reduce losses by 3.049 billion cruzeiros. However, assuming that for each producer assisted at least one was benefited indirectly, the enterprise believes this savings was about 6.098 billion cruzeiros, thus reducing total losses, estimated at 88.9 billion cruzeiros, to 82.7 billion cruzeiros. In this way there was a reduction of 7 percent from predicted losses.

Acceptable levels for harvesting losses of the four products, according to EMBRATER technicians, is 5 percent for soybeans (currently 8.3 percent), 6 percent for corn (currently 7.6 percent), 5 percent for rice (currently 8.1 percent) and 3 percent for wheat (currently 13 percent). Such results were achieved, according to Clauco Olinger, through the rural extension work of EMBRATER, which conducted a campaign among producers, especially of soybeans.

This campaign, according to Agriculture Minister Amaury Stabile, "represents the government's great effort in the fight against waste, which should cover all national sectors and which in the particular case of the Agriculture Ministry represents food and feed, which are expensive to obtain." Any savings resulting from control of harvesting and storage losses, according to the agriculture minister, "can mean a reduction in Brazil's imports and, beyond a doubt, higher profit for the Brazilian farmer."



The farm crop having the most losses after harvesting is corn. These losses occur especially in transportation and storage--more specifically, 30 percent in storage. According to EMBRATER estimates, between 60 and 70 percent of corn production (22.4 million tons), or between 13.4 million and 15.4 million tons, remains stored on the farm. These farmers are losing, according to the company's experts, an average of about 4.4 million cruzeiros. They believe, therefore, that efforts should be concentrated on the storage problem, adding that this product deserves much attention because it is concentrated in small and medium-sized properties and if there is a great loss this will raise the cost of production when it is used as animal rations, especially for hogs.

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## CARLOS LLERAS QUITS LIBERAL LEADERSHIP

Bogota EL TIEMPO in Spanish 2 Jun 81 p 1-A

[Text] Former party chairman Carlos Lleras Restrepo this week resigned from the national leadership of the liberal party, EL TIEMPO confirmed yesterday from absolutely reliable sources.

Although the reasons for this unexpected resignation of the liberal statesman were unknown, it was learned that he has prepared a statement that he will send to his comrades in the party leadership, former chairmen Alberto Lleras Camargo, Alfonso Lopez Michelsen, and Victor Mosquera Chaux.

This surprising decision by Dr Lleras Restrepo is of particular political significance because it had been believed that the party leaders had been working in complete union and harmony, and no resignations had been expected from any members.

The resignation of the former party chairman comes at a time when the liberal party is getting ready for the national convention in September to select a candidate for the presidency of the republic, in accordance with the rules of the game which were drawn up some time ago.

In his letter of resignation, Dr Lleras Restrepo mentioned this particular moment in our national political life, with special reference to the process of party nominations which are to be considered by the entire community.

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CSO: 3010/1434



## 'GENTLEMENS AGREEMENT' ON INTEREST SEEN AS DUBIOUS

Bogota EL ESPECTADOR in Spanish 2 Jun 81 p 10-A

[Text] The vice chairman of the board of directors of the Banking Association, Jorge Mejia Palacio, claimed that the "gentlemen's agreement" to lower interest rates "has not collapsed," and that it has barely begun to take effect, with yesterday's reduction of the interest rate to 32 percent.

The former minister and representative of the Antioquia Commercial Bank felt that it is still premature to draw up a balance sheet about whether or not the promise to reduce the cost of money in ordinary loans granted by the banking system will be honored.

A survey done by the economic reporting staff of EL ESPECTADOR in a number of credit establishments showed that the interest rate has declined, but it also reported pessimism about the duration of this agreement.

Mejia Palacio said that the largest banks, such as the Bank of Colombia and the Bank of Bogota, have actually lowered their interest rates for ordinary loans to 32 percent, as was stipulated in the so-called "gentlemen's agreement." The Antioquia Commercial Bank has also done the same.

Mejia Palacio explained that this interest rate covers only ordinary loans, those which the banks grant for a maximum term of 1 year.

He rejected arguments that the agreement will not be honored because it is hard to pay interest and lend at the same rate, or with a margin that is too narrow. He said that the banks have a mass of resources which range from demand deposits which earn no interest and which make up 50 or 60 percent of the total portfolio, to savings accounts that pay 21 percent, as well as certificates of deposit whose interest rates vary between 30 and 32 percent.

The financial corporations are not involved in this reduction. They were excluded because their loans are not short term, but medium and long-term loans.

In defense of the agreement and the banks' compliance with it, Mr Mejia Palacio said that during the first phase of this agreement, when the maximum interest rate was set at 34 percent, "no complaints were made to the Banking Association."

He expected that now that the second phase (32 percent) is taking effect, the same thing will happen.

The president of the State Bank, Jaime Mosquera, said that his bank also cut its interest rate for ordinary credit to 32 percent yesterday, while the interest rate paid on certificates of deposit ranges between 29 and 30 percent.

Mosquera believed that the margin left by the maximum interest rate is very tight, which makes it difficult to honor this agreement. Nonetheless, he said "we will have to wait to see if the interest rate paid on savings also drops."

The banker felt that foreign interest rates, which range between 20 and 21 percent, plus devaluation, are affecting the cost of money in Colombia, since, when both these factors are added together, they give a rate of approximately 35 percent.

The president of the Workers Bank, Javier Bustamante, confirmed that his bank cut its interest rate to 32 percent, thus complying with the financial system's agreement. He felt that unless there is a complete change in this agreement, this level will remain in force, and he said that the financial sector is sufficiently responsible to do so.

In the particular case of the Workers Bank, he said that when the maximum rate paid on savings was limited to 29 percent, his bank kept the rate at that level until the final moment. Today it is about 32 percent.

#### Pessimism

Spokesmen from the private sector, particularly in industry, expressed some pessimism and incredulity about the way in which the banking system is actually applying a decline in the cost of money.

Although it was felt that they could not say anything if the interest rate has actually been cut to 32 percent, the sources consulted insisted that unless there is a compulsory decision made by the government, it is impossible to expect voluntary compliance with such an agreement.

These sources also mentioned that the 32 percent interest rate that they are talking about now does not reflect the true cost of money, since that level really comes to over 39 percent when the "anticipated quarter" mechanism is used.

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CSO: 3010/1434

## TURBAY CALLS FOR DEFENSE OF COFFEE PRICES, QUOTAS

Bogota EL TIEMPO in Spanish 24 May 81 p 6-C

[Text of speech by President Turbay Ayala]

[Text] Armenia, 23 May — Speaking in Armenia today, President Julio Cesar Turbay Ayala expressed his concern about the international crisis in the coffee market and said that "the future of Colombia is largely dependent on the next quota plan," which will be negotiated in London in September.

"We will do all we can to defend a good coffee quota for Colombia," said the chief of state, adding that all the skill of our coffee industry leaders and our diplomacy will be put to work to achieve this result.

"I can't tell you, without departing from the truth, that tomorrow the price of coffee will go up in obedience to my wishes, as much as I would like it to do so; there are too many factors involved for us to be able to make that statement," warned President Turbay Ayala.

Then he added: "But what you, the coffee growers of the Quindio and of Colombia should know is that we in the government are aware of the tremendous problems of the coffee industry and we want to be able to deal with these problems, and to do all we can to alleviate the heavy burden that you are carrying today."

He explained that the coffee surplus announced in Brazil and the financial problems faced by the coffee roasters in trying to maintain stocks due to high interest rates and the decline in prices are factors that are hurting the economies of the world's coffee-producing nations.

Dr Turbay Ayala spoke here this afternoon before a large crowd in the Plaza de Bolivar of this departmental capital city, despite a heavy downpour that fell on the city just moments before the central ceremony of the president's visit to the Quindian capital was to begin.

In his lengthy speech, the president repeated that he will provide protection for both the traditional parties and the opposition during the election campaign, but he warned that subversion will not receive such protection, "for my mandate lies elsewhere."

For the first time, the top official responded directly to the criticisms made of his administration by the conservative hopeful, Belisario Betancur, and he commented that "one of the characteristics of the losers in Colombia has always been that they consider themselves more popular than the winners; and another characteristic of the losers is that they reserve for themselves the right to advise the winners."

The text of the president's speech follows.

I must thank you for this splendid ceremony you are holding in this admirable way, in spite of the forces of nature.

It is a pleasure for a president to see a public square like this one in Armenia filled in spite of the inclement weather that preceded this ceremony, so that you can give me your greetings and your support in my efforts to carry forward my work in this administration.

This is of course a sociological phenomenon, which is explained by the fact that this faith is reciprocal. No one can hope to have his people support him if he allows himself the liberty of not believing in his people. Because I believe in the people, in your creative abilities, and in the strength of Colombian democracy, I can rely on your support.

#### Response to Belisario

And now that we are on the subject of sociological phenomena, I have to mention one that has given me some amusement. The opponent of the last three presidents of Colombia, Dr Betancur, recently said in Narino that my administration has a tremendous defect, which is that I appoint people; "let him make no more appointments." And he implored divine charity and the blessings of providence to make me concern myself with the problems of the Colombian people.

One of the characteristics of the losers in Colombia has always been that they consider themselves more popular than the winners. And another characteristics of the losers is that they reserve for themselves the right to advise the winners.

I know that the country has many problems, and that they are being given close attention by Dr Betancur. Today, speaking in this square in Armenia, I want to deplore the fact that he was not the



winning candidate in the elections in which he ran against me, because if he had won, today Colombia would have no problems and would be basking in great wealth; there would be rivers flowing with honey and no one would be complaining about hard times.

International circumstances would not prevail against him or his talent; inflation would be something that he would handle as if by magic; the energy problem which has caused turmoil and agitation all over the world would have no effects on Colombia. Fiscal problems would not be noticed; the international coffee market would have moved in other directions, and today neither the president nor the mayor would be lamenting the situation of the coffee growers.

Really, the nation was very unlucky when it lost the opportunity to have this wise statesman win the last election. But since the nation decided to put up with me as its president, it has seen my good intentions to serve the nation; my desire to learn all I can about our national situation in order to offer the nation a true and objective solution for our problems, without promising impossible things and holding out illusory solutions that can not be achieved, and which would then discredit me before the people.

I have not come here, as my adviser and opponent certainly would have, to say that tomorrow the problem of this devastated city of Armenia will be settled and that after 24 May the citizens in this capital city will no longer have to worry about anything. I can not stand here and say that the problems which the Quindio has suffered since time immemorial can be solved as if by magic just by stringing together a few fine words.

The public problems must be studied with a clear awareness of our responsibility. And we in the government can not promise things beyond our ability to perform; that would make us hypocrites, people who mislead and deceive the public. Many times I prefer to act like a person who can not solve a problem, rather than to offer to solve it, while knowing this was not possible, just to win some fleeting applause and temporary popularity.

I belong to a political community which has been known for its seriousness in Colombian life; which, since the very dawn of the republic, through its statesmen and its advisers, has created our institutions and stimulated enough progress to improve the living conditions of the Colombian people.

I want to participate in the coming elections not with the weight of the government behind me, or with the authority of local officials, but with a solid record of my accomplishments. I want to present this record as a new claim to the confidence of the community I represent in the government.

I have spoken and I have promised full protection to all citizens and to all parties. I have said that I want my government to become known as the golden age of citizens' rights. No one should be persecuted, as no one has been, because of his political beliefs; no ideology should be based on a threat of any type; the citizens who, within the framework of the constitution and the law, want to take part in the election, should be able to do so, and should be entitled to all the protections that we, the members of my administration, are required to provide for each and every one of the Colombian voters.

I have to provide this protection not only for the traditional parties, the liberals and the conservatives, but also for the extremist parties, as long as they act within the framework of the constitution and of the law. But I cannot protect subversion, for my mandate lies elsewhere. However, the opposition is entitled to this protection.

After making these points clear, which show that I am continuing to serve as a pilgrim bringing peace and harmony and a messenger bearing friendship to the family of the Colombian people, I now want to mention my obligations as coordinator of our national progress. As president of the republic, I cannot ignore or neglect the needs of any region of the nation. I know that the Quindio has many such needs. And I also know that the Quindio has some poor public services and a terrible organization of its public municipal agencies which must be reformed.

Therefore, using this objective language, the first thing I have to recommend to you, the people of Armenia, is that you act quickly to study the reorganization of your public services. The forum which was held here with the assistance of EL TIEMPO was useful, as was the contact I have had with the former mayors of Armenia and with Rafael Santos in Bogota; also of use were the talks I have had on this issue with Governor Nino. We have come to the conclusion that Armenia has to decentralize its agencies in order to offer better services; that instead of acting under the false illusion of having some independent agencies, it is necessary, in order to improve telephone service, for example, for the telephone agency to join with TELECOM [National Telecommunications Enterprise] in order to provide better and more modern service. It is also necessary for the aqueduct agency to join with INSFOPAL [Institute for Municipal Development] so it can receive assistance from this national institute which is responsible for the aqueducts of the nation. And it is also necessary that each and every one of the public activities of this department try to receive the best assistance it can from the experience and technology and even financial aid from the national decentralized organizations which can provide such aid.

## Public Services

What we cannot have going on at the same time is a refusal to accept the cooperation of the nation and complaints because services are poor.

The electric power services must be as good as they possibly can be, so they must be connected with the CHEC [expansion unknown]. It is clear that electricity calls for investments of the greatest magnitude and that the Quindio's resources are not sufficient to meet such expenses. It must join with any of our major national electric power systems. And in this way Armenia and the Quindio will have many of their problems solved.

Now, on the topic of devastated Armenia. I know the problem well. I know that this represents the greatest danger to you and that it has already taken innocent lives. I know that catastrophes are expected, which may have devastating consequences if we do not take action. The situation has been studied and it was found that the project can be divided into two separate phases. The first phase is the construction of spillways. If the water is not allowed to run off, at some point in time it could wreck the sewage system, causing untold tragedy. Building six spillways will require an investment of 150 million pesos; we are prepared to finance this, and I am now going to tell the people of Armenia how: 50 million pesos from the national budget; 80 million pesos from a loan to be arranged with the Development Institute; and 20 million pesos to be provided, with their customary good will, from the Federation of Coffee Growers through their departmental committee, and from the department of Quindio itself. In this way, before much time goes by, we could have six spillways that would remove the immediate threat, a danger that is present today and that rightfully concerns all the good people of this city. Then will come the second phase, which will be much more expensive, which I would really like to take care of, but as my term in office expires on 7 August 1982, this second phase will be up to whoever succeeds me as president.

But you can be sure that whatever my administration is able to do to solve this problem which now distresses you, it will do it quickly, with decisiveness, with firmness, and without delays of any sort.

I want to tell my friend, the governor of the Quindio, that there is no contradiction between the drinking water revolution that I want to see all over the republic, and the situation that he has described in many of the towns of the Quindio department. If there were drinking water available in the towns of the Quindio, as there is in the rest of the country, then we would not need to bring the drinking water revolution here. But as good water is not available, we need to bring this drinking water revolution to the towns of the Quindio department.



I also want to tell you that this department, as the mayor and governor have been telling me, has been the target of concern on the part of the national government, to the extent of our capabilities. For example, here at my side is the minister of public works, who has worked with great dedication, with extraordinary zeal, to solve many of the public works problems which most affect this department. Specifically, he has earmarked a large amount of money for the reconstruction and improvement of the Ibagu -Armenia road, which is so important to this department.

He has also devoted much effort, zeal, and resources to the paving of the Armenia-Pereira road, which is also vital to the department's progress. And he has worked hard and spent much money on the paving of the Armenia-La Paila road, which is vital to the progress of the Quind  and of the Valle area. He is now working on a road which I have heard talked about whenever I have come to the Quind , but which is just now nearing completion: the Montenegro-Quimbaya road, which should solve some major problems.

To the extent of our capabilities, just in the area of public works alone, the investment being made in this department comes to 2 billion pesos. Furthermore, we cannot ignore the fact that there is a plan for communications, for rural telephone service, and for expansion of the urban telephone system, calling for many telephones to be installed in each and every one of the towns of this department.

This department will be the best equipped for telecommunications services and it will be able to take pride in being the nation's model department, thus showing the strength of your people.

Today the president of TELECOM, from the town of La Tebaida, explained the full telephone service plan developed by TELECOM which this agency has to meet the needs of this department on all levels.

Nor can we ignore what has been done in the matter of health care. Here at my side I have the minister of health, and on this topic I want to comment on the effort made to extend and improve primary health care services, to improve hospital facilities, to improve the infrastructure related to the protection of the health of the Colombian people. The department of the Quind  is a model department, not just for Colombia, but even abroad: many foreign missions have come to study the health care system of this region of the nation, and have observed the pride because of the fact that a department of this size, which is not very large, can have such an advanced health care system.

And now the governor, in order to expand this system and especially in order to be able to provide better services to Armenia, and thus to the department, wants to make a commitment about the Hospital del Sur. I will not spread any illusions and I cannot tell you that this will be financed. But I am going to tell you that we will study this project with enthusiasm, with a democratic consciousness, and with an awareness of the urgency. We will try to see how we can make this project become not just a simple proposal, but a tangible reality.

The governor himself could tell you about his aspirations to improve the sports facilities here and to build the indoor coliseum, and all he wants to do for recreation, which is a social need.

I know that Armenia has made a serious commitment and it must make the necessary arrangements to host major competitions, and I know that Armenia wants to be a secondary site for the World Championship if it is held in Colombia. I will take all these things into account, I will study them, and depending on the order of priorities, we will see what we can do. But for now I want to tell you that what I consider priority number one is to improve the conditions of the devastated Armenia so that you will not soon be confronted with a tragedy of indescribable proportions. You can be sure that even if there are some problems in obtaining the 80-million pesos loan which I mentioned earlier, I will deal with the Planning Department so that this can be financed. And you can also be sure that I have not come here just as a tourist to shake the friendly and cordial hands of so many people in the Quindio department, but that I will be watching to see how I can best solve the urgent problems of the region.

Tomorrow the minister of health will open the new services of a mental hospital. At that time he will explain not just to you, the people of the Quindio, but to the entire country, the importance of this type of institution, which is so essential in our modern life. We obviously need to encourage this type of mental hospitals. It is good that this hospital is located in Armenia, the pilot city in the Quindio, the department with the best health infrastructure, which will now begin to reap the benefits of this new institute.

Along with the people of Armenia, I want to express my pleasure in seeing the progress and development taking place here. It is true that one project leads to another, and that as some are completed, demands are made for other developments to be completed as quickly as possible. This is understandable. But before, when public works projects were halted because of fiscal problems beyond the control of earlier administrations, there was not the same demand, the same urgency, the same appetite for public works projects

that we find now since this administration has begun the most ambitious plan to develop public works ever known in this nation.

I know that the Quindio is a region characterized, as its symbolic monument so well reflects, by the efforts of its people. In no other region of the country do we find this strength, this faith, this desire to overcome obstacles, this decision not to remain outside of the mainstream of progress. I want to praise Armenia and all of the people of the Quindio for these ancestral conditions, for their vigor, for their desires to be the most prosperous of all the departments of Colombia.

### The Coffee Crisis

Of course I know that you have problems common to the entire nation and to the coffee-producing world. The coffee crisis is hitting hard those nations with a coffee-based economy. Colombia's largest percentage of foreign earnings has traditionally come from its coffee exports. Coffee has been the leader of our economy, the leader of our progress. Highways, roads, the use of the Magdalena River as a great vehicle to be used for our exports, familiarity with foreign trade: all of these have been given to us by coffee.

Colombia owes more to coffee than to any other product and we can see that Colombia's prosperity is to a good extent based on the contribution made by the coffee producers to our country.

But the problem we have now is not a problem of a lack of solidarity or a lack of gratitude on the part of the government for all the nation owes its coffee growers. The problem has greater dimensions and is of a broader spectrum. It is a world crisis; it is a problem of the grain market in international trade where prices for coffee beans have been declining. Naturally the decline in prices in international markets has affected most of the economies of the coffee-producing nations.

When I look toward Central America, I find that those countries are today suffering the greatest difficulties: indescribable problems, because in addition to the drop in coffee prices, they have had a problem with plant mildew, which has tremendously affected coffee production in Central America. And in the meantime, we find that the Brazilian harvest is going to be of extraordinary proportions. Brazil is reaching production levels that are a truly disruptive factor in the grain-based economy. It is also clear that there are financial problems involved. As was said earlier, because of the rise in interest rates, the coffee bean roasters have been unable to store coffee for a long time and have been unable to build up large supplies abroad.

All this is affecting coffee prices. Now the important thing, on which Colombia's future greatly depends, is the next quota plan. What will this quota plan be like, which is to be discussed in London in September? What sacrifices will have to be made? This is where, relying on all the skill of our leaders, coffee producers, and our diplomacy, we have to defend a large quota for Colombia, within the limits of what is possible. We will do all we can to defend a good coffee quota for our country. We will do all we can at home to protect the conditions of the coffee producers. And I know, as the governor said, that there are very few coffee producers who can meet the quality requirements and standards that are used for export, and which carry the "Federation" price. Other grades have to be sold for lower prices, and these lower prices are paid to our citizens with fewer resources. For that reason, as he was saying, the crisis is fundamentally affecting the small coffee growers. I am aware of this; we in the government will deal with this, and through the ministers who are involved with the Federation of Coffee Growers, we will seek solutions together which may offer some relief for this situation. I can't tell you, without departing from the truth, that tomorrow the price of coffee will go up at my request, as much as I would like that to happen for Colombia. There are too many factors involved for us to be able to make that statement. But what you, the coffee growers of the Quindio and of Colombia should know, is that we in the government are aware of the problems you face in the coffee industry and that we want to do all we can to lighten the heavy burden that you are carrying today.

Again I want to repeat my growing faith in Colombia's progress. I do not in any way share the views of the prophets of doom, or of those who see a horrible future, or of those who think we have reached the brink of hell. No. The opposite is true. If there is one country in the Americas which is able to overcome its problems, that country is Colombia. And if Colombia can overcome its problems, that is because of the extraordinary conditions of its people.

I want to tell you not to believe anyone who tries to confuse you, and that all the people who predict that tongues of fire and ash will rain down upon the nation are people who, as Dr Eduardo Santos said in one of his memorable quotes, are somewhat unreliable. He said: "There is nothing more dangerous for people than the sort of embittered politician who, because he has lost faith, has also lost hope and charity."

We must have faith in Colombia, faith in democracy, faith in the ability of our people to overcome their problems, faith in the good people, faith in democrats. We must not allow the violent, those who would like to see our country bathed in blood, to gain control of this situation.



DEFICITS IN ECONOMY DISCUSSED

Bogota EL TIEMPO in Spanish 29 May 81 pp 1-A, 16-A

[Article by Fernando Barrero]

[Text] Two new deficits, trade and exchange, have been added to the disturbing red ink in our fiscal, budgetary, and treasury accounts.

According to the Bank of the Republic, the first 4 months of 1981 showed a deficit in the balance of trade (imports minus exports) of US \$331.5 million, infinitely greater than the deficit of US \$1.6 million which we had for the similar period of 1980.

The Bank of the Republic also reported that the exchange balance (total current income minus total current outgo) also showed a deficit of US \$157.5 million, a figure that compares unfavorably with the surplus of US \$328.8 million recorded for the same period of 1980.

Before these economic indicators were released, the office of the comptroller general of the republic reported that on 31 March, a review of the current year's budget showed a deficit of 16,394 million; the fiscal accounts showed a deficit of 10,684 million; and the treasury accounts, a deficit of 8,807 million.

The budget deficit is determined by comparing the net products of income and capital resources with spending commitments; the fiscal deficit is determined by comparing the nation's total assets with its liabilities; and the treasury deficit, by comparing silver assets on hand with payment obligations.

The Bank of the Republic explained that international reserves closed in April with a balance of US \$5.375 million. This figure is US \$45 million less than the reserves on hand at the start of the year.

The bank indicated that this decline was caused by the deficit of US \$157.7 million in the current account, and said that this is explained by the decline shown in income earned for exports of coffee and services, while outgo has increased by 25 percent.

The bank spokesman added that until April, income for goods and services (including exports) came to US \$1.6732 billion. Leading items in this figure were purchases of gold and transfers and interest.

But on the contrary, coffee exports, which in recent years have reached unprecedented levels, during this year have declined in value by 17 percent, compared with the same period of 1980, commented the bank manager, Rafael Gama Quijano.

He said that this trend is partially caused by the decline in grain prices in the New York market, which, from a monthly average of US \$1.75 between January and April 1980, has dropped to US \$1.27 during the same period of 1981.

Furthermore, during the year there has been a reduction of 1.2 million in the number of bags exported compared with the same period of 1980.

Gama Quijano confirmed EL TIEMPO's report that the quota originally set for Colombia of 9.7 million has been cut back and today stands at 8.9 million bags, thus maintaining 17 percent of the world total.

The official reported that until April these reduced exports totaled US \$441 million, 9 percent above 1980's exports, because of increased payments for some agricultural products, primarily sugar, beef, and bananas.

"Concerning these sales, which are a major source of foreign currency, we have to say that the government is continuing to show its interest in stimulating and diversifying such sales," added Gama.

He spoke of the incentives introduced in the new decree on the Vallejo Plan and, on the subject of other income, said that until April, purchases, excluding sales for industrial uses, came to US \$93 million, 6 percent above 1980.

He explained that while the volume of gold purchases is higher than during the same period of the previous year, international prices have declined, going from a monthly average of US\$602 per troy ounce during the first months of 1980 to US \$513 during the same period of this year.

He pointed out that interest as a source of income came to US \$210 million. This is almost entirely generated from earnings on international reserves invested abroad.

Exchange Balance (in millions of US \$)

		Until 30 April		
		1979	1980	1981*
I	Current income	1,200.4	1,747.5	1,673.2
	Exports	768.7	1,019.6	950.4
	Coffee	410.4	612.9	509.0
	Other products	358.3	406.7	441.4
	Net gold purchases	15.6	87.3	92.6
	Petroleum capital	11.7	21.1	37.0
	Services and transfers	404.4	619.5	593.2
II	Current outgo	949.4	1,418.7	1,830.9
	Imports	742.4	1,021.2	1,281.9
	Petroleum for refining and natural gas	17.7	59.4	38.9
	Services	189.3	338.1	510.1
III	Current surplus or deficit	251.0	328.8	-157.7
IV	Net capital movement	42.3	90.2	113.1
V	Variation in reserves (III + IV or VII - VI)	293.3	419.0	- 44.6
VI	Balance of gross reserves in December of previous year	2,492.6	4,112.9	5,419.7
VII	Balance of gross reserves	2,785.9	4,531.9	5,375.1

\* Preliminary figures.

This table, prepared by the Bank of the Republic, shows the two new deficits in the Colombian economy: the trade deficit (imports minus exports) of US \$331.5 million; and the deficit in the current account (total income minus total outgo) of US \$157.7 million. Previously reported were deficits in the budget, in fiscal, and in treasury accounts.



## Outgo

In speaking of outgo, he pointed out that this has increased by US \$412 million, 63 percent of which is for payments for imports of goods; the balance is for payments for services.

Payments for merchandise made up 70 percent of the total and increased by US \$261 million. This was caused primarily by the larger payments made for petroleum and fuel purchases, imported to meet part of Colombia's internal demand.

Currency payments for services increased from US \$338 million to US \$510 million between the periods under consideration. This increase was particularly apparent in interest and freight charges.

Gama Quijano said that the increase in interest payments was caused by the higher balance of our foreign debt and by the rise in interest rates in international financial markets.

In closing, Gama Quijano pointed out that during 1981 Colombia's external financing is positive in the amount of US \$113 million, a figure that is US \$23 million above the balance last April (1980).

The private sector has been largely responsible for this result, with a surplus of US \$92 million. Of this figure 59 percent is for loans for working capital and the rest is for direct foreign investments. The government sector had a favorable balance of US \$2 million, compared with US \$16 million in 1980.

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CSO: 3010/1434

## NEW CONASTIL SHIPYARD DESCRIBED

Bogota EL TIEMPO in Spanish 29 May 81 pp 12-B, 14-B

[Text] The new shipyard built by CONASTIL [Colombian National Shipyards] in the Mamonal industrial area, in addition to being the most modern in the Caribbean area, has an ideal location for the international market, considering the proximity of Cartagena to the Panama Canal and the largest ports in the area.

Not only will ships be built and repaired there, but metal and mechanical services will be provided to industries in the area.

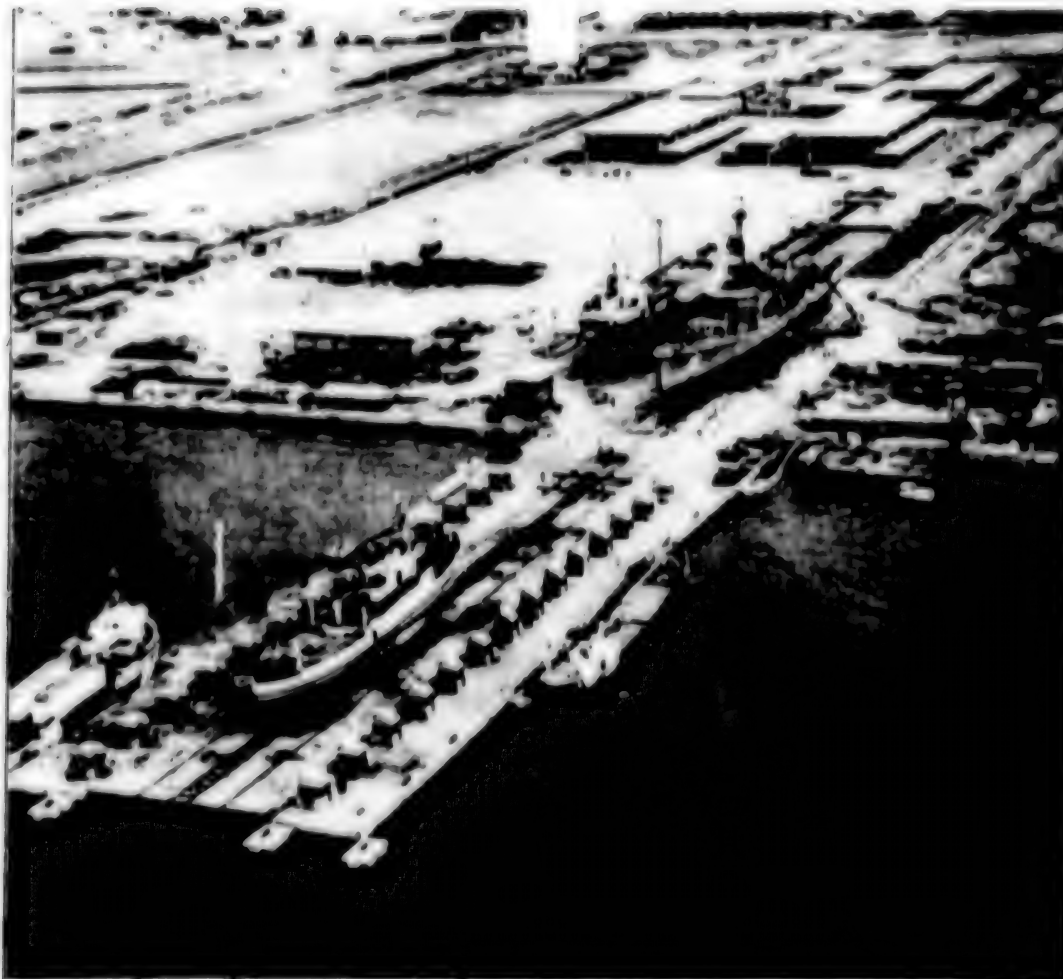
The facilities consist of a drydock synchro-elevator, docking platforms, grounding and transfer areas, mechanical, engine, boiler, welding, electrical, foundry, and carpentry shops, buildings housing administrative and social activities, employee facilities, and sports activities.

#### The Synchro-Elevator

The synchro-elevator is a modern piece of drydock equipment with a lifting capacity for ships up to 10,000 TPM. Its lifting platform is 117 meters long and 22 meters wide. This structure has a total weight of 1,100 tons: 950 tons of this is the steel structure and 150 tons is the wooden surface area.

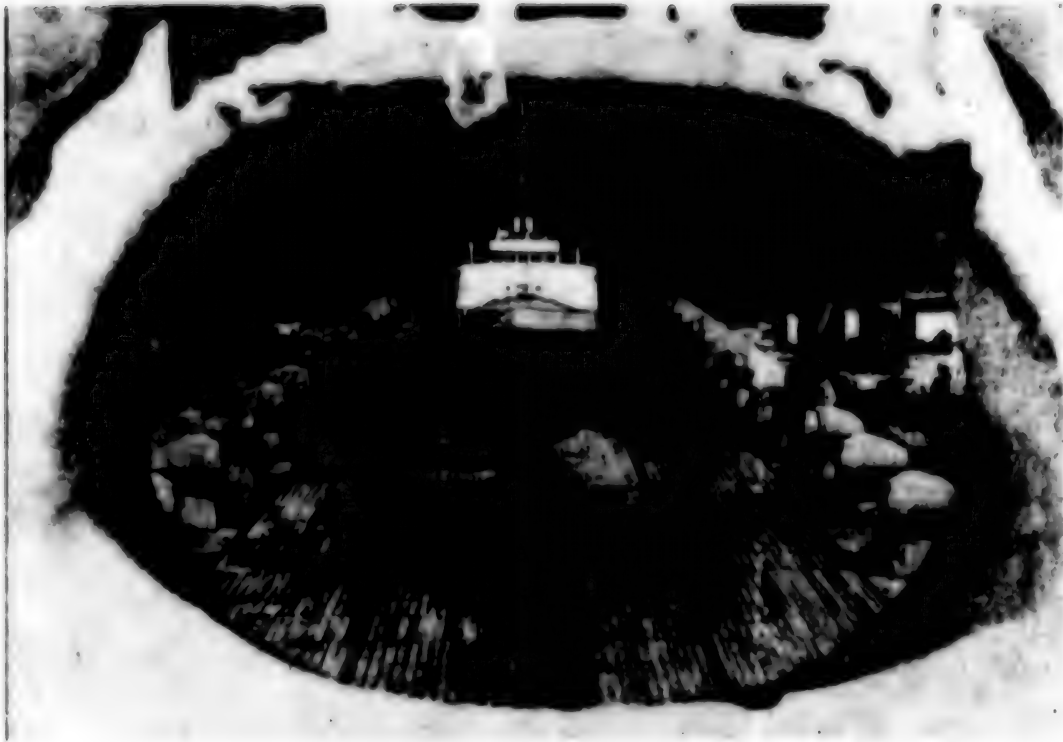
The platform goes down to a depth of 11 meters. In this position the ship to be repaired enters the dock. The ship is placed in a special wooden cradle on wheeled tracks installed previously by means of a synchronized system consisting of 28 winches with their steel cables. Each winch has a 250-ton capacity.

The winches that raise the platform are installed on two reinforced concrete piers that make up the synchro-elevator dock. Each of the piers is 145 meters long and 10 meters wide. The concrete slab is supported by 685 sea piles driven to a depth of 32 meters.



Aerial view of the CONASTIL shipyard and drydock.

Its operation is controlled automatically from an electronic control center in the control room, where a single operator can operate the entire synchronized system. The platform stops automatically when it reaches the normal docking position and when the ship is at the same level as the ground facilities. Transfer then begins, and it is placed in its docking position for the ship repair and careenage work to be done.



The synchro-elevator seen from the "viewpoint" of a ship placed in one of the grounding and transfer areas of the CONASTIL shipyard (special photo by EL TIEMPO).

The synchro-elevator was built according to the technical naval specifications of Lloyd's Register Shipping, one of the most important ship classification firms in the world. Lloyd's gave our synchro-elevator a "Class A" status for a mechanical lifting platform.

The first part of the shipyard to be inaugurated 2 years ago in a ceremony held at the site was the wheeled system, which is used to transfer ships to be repaired to land. Today, a number of members of the national government are visiting the new shipyard.

The largest ship to be placed and raised in the synchro-elevator is the "Covadonga," which sails under the Colombian flag and is now undergoing repairs.

#### Beginning of Work

Work on CONASTIL's modern shipyard started 4 years ago. The total construction was planned for a period of 48 months and priority was assigned to construction of the synchro-elevator equipment that was to replace the old and almost unusable floating drydock which the Colombian Navy received in 1960 from its counterpart in the United States, and which was its main tool when its operations began.

In 1979, in order to be able to carry out the ambitious expansion program which had been designed, acting at the initiative of the minister of defense, Gen Luis Carlos Camacho Leiva, with the support of the minister of development, Gilberto Echeverri Mejia, and the manager of the Bank of the Republic, Rafael Gama Quijano, the enterprise was refinanced. Now one of its stockholders, providing both capital and credit, is PROEXPO [Export Promotion Fund], an agency which has a close connection with CONASTIL's export-related activities.

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CSO: 3010/1434

## BRIEFS

SECRETARY TENDERS RESIGNATION--Quito, 8 Jul (AFP)--Augusto Alvarado, Ecuador's secretary of public information, has announced that he has tendered his resignation, which President Oswaldo Hurtado has reportedly accepted. Alvarado, who had been carrying out his important duties with the rank of minister of state since August 1980, will continue collaborating with the administration until late July, as agreed on with President Hurtado. Alvarado stressed that the person carrying out those duties must have the president's utmost confidence, which he had in the case of deceased President Jaime Roldos. He added that although he has been a friend of the current president for many years, he believes Hurtado should choose a person of his confidence, which he, Alvarado, does not think he fits. Alvarado announced that he will continue collaborating with the executive branch from other posts. Augusto Alvarado Garcia has been working with the executive branch since the installation of the present regime in August 1979. At the head of the National Secretariat of Public Information, he carried out a great task, developing both the technology and the structural organization on behalf of the local and foreign communications media. [Text] [PA092103 Paris AFP in Spanish 1605 GMT 8 Jul 81]

DRIVERS FEDERATION CANCELS STRIKE--The Federation of Ecuadorean Drivers [Federacion de Choferes del Ecuador] has decided to call off a strike it had scheduled for today to press for amendments to the traffic law. Most of the amendments were approved Saturday by a plenum of standing legislative committees. The FEC executive committee met in Guayaquil to adopt the decision following an exhaustive analysis of the amendments approved by the legislative branch. [Excerpt] [PA131520 Quito Voz de Los Andes in Spanish 1230 GMT 13 Jul 81]

CSO: 3010/1537



## YUGOSLAV REPORTER INTERVIEWS PRIME MINISTER BISHOP

Mexico City EL DIA in Spanish 11, 12 Jun 81

[Two-part interview with Prime Minister Maurice Bishop of the Revolutionary Government of Grenada, by Djuka Julius, permanent correspondent in Latin America for the Yugoslav magazine POLITIKA, of Belgrade; in early June 1981, at Saint George's]

[Part 1, 11 Jun 81 p 12]

[Text] [Question] Prime Minister Bishop, would you care to describe to us the nature of the revolution in Grenada?

[Answer] We view this as the anti-imperialist, national, democratic phase of the revolution. On the one hand, of course, there is a political process which is developing and within which there is one aspect in particular: an approach related to the way in which we interpret the return to democracy and to democratization, something that we consider essential in this matter.

Basically, our approach to the problem of democracy consists of developing, in accordance with our views, a democracy geared to the popular sectors of the population. Our main thrust and emphasis now lie in involving and mobilizing our people to set up new mass organizations based on the population, which are relevant to its own interests and needs, wherein they can participate every day, not just every 5 years. Several of these organizations have, in fact, already come into existence. For example, we now have community work brigades, which contribute to the welfare of the community with volunteer work on Sundays and weekends.

We also have the Community Education Councils, which are responsible for supervising the quality of the education received by the children in the village schools, and which are also responsible for the maintenance and repairs required by the schools. For example, in January of last year, over a period of 2 weeks, 66 elementary schools were repaired through these community school councils, thereby saving the country over \$2 million. It was a truly fantastic experiment.

At the same time, we are concerned with the establishment of some Community Health Councils.

Our Center for Popular Education, an institution that we established for the purpose of eliminating illiteracy, in the first place, and, secondly, to foster adult education, has also come into being as an authentic organization of the popular masses.



Simultaneously, the women of our country are becoming increasingly organized.

### Proletarian Participation

In the area of the political process, I think that I should also cite our position concerning the workers. We have established the principle of the workers' participation in the state farms, so that now the agricultural proletariat is actually involved in making decisions, regarding all problems of concern to it. And this has a concrete aspect, because we have also established the distribution of profits; and, therefore, the more they collaborate, the greater will be their satisfaction at the prospect of having profits that will be shared at the end of the year.

We have also instituted a law recognizing the labor unions which, for the first time in history, has given the country's workers the right to form and join the labor union of their choice. Under the Gory dictatorship, they did not have that right; in fact, they did not even have the right to strike; it was forbidden to them in 1978. Hence, that too has a very bright feature.

With regard to women, we have also been attempting to solve some of the objective problems facing our women. For example, we have passed a law covering disability owing to maternity. Actually, before the revolution in our country the women generally obtained work basically in exchange for being exploited sexually. Now that is punishable by law.

These are some of the things that we have been attempting to accomplish in the realm of the internal political process.

In the state apparatus, in fact, the first day of the revolution we dissolved Gory's army, and now we are organizing a new army with the nation's youth; an army that will no longer be allowed to attack the people brutally, an army that now has as a leading role the defense of the revolution, and protection of the people's interests. To be sure, it has a primary function insofar as the country's national security, the country's defense, is concerned.

The police corps was not dissolved; what we did was to start a process of reorganizing and retraining the police, under the command of a new police commissionership. That process is also developing very well.

The bureaucracy is a branch of the state. What we had up until now was a bureaucracy that was demoralized and, in general, not at all effective. The years of domination have left their traces.

### Economic Progress, the System

Much progress has also been made in the area of the economy. The first thing, in our opinion, is to emerge from the dreadful technological and economic backwardness which we inherited, and this means essentially four things: a rapid expansion of the state sector, so that the profits accrued by the state way, in turn, be transferred to benefit the people.

The state sector currently has a very well established agriculture. There are 31 state farms. In agroindustry, for the first time in our nation's history, we have started several agroindustries, coffee processing plants and a multiple processing plant.

We have also set up a fish processing plant, in which fishing products are now salted and sliced.

Insofar as tourism is concerned, the state sector has also played a part. We now have four state-owned hotels, and we consider this sector to be highly important to the economic transformation that must be achieved.

In the realm of financial institutions, for the first time we have opened our own National Commercial Bank, which has become the second-ranking in size in Grenada, after only 18 months in existence. This is really an accomplishment. We have also established a National Importing and Commercial Council, which is responsible for purchasing all the agricultural production from our farmers, and finding markets for it. So, what has been achieved is the elimination of insecurity and uncertainty in the market, guaranteeing them a market instead.

At the same time, and this is the second thing that I wish to mention in this regard, we observe a need to stimulate the private sector, because our approach is one of a mixed economy. We are convinced that the state sector by itself cannot strengthen the economy, certainly not at present. There are very serious problems relating to the slight accumulation of capital, the limited technical know-how, and the limited know-how in the areas of marketing, packaging and commercial promotion.

In agriculture, we are also essentially attempting to organize cooperatives, because we are of the opinion that the three sectors which will bolster our national economy are: the state sector, the private sector and the sector of the people's cooperatives.

In terms of the economy, I think that I should mention the fact that, on the international fronts, as a means of dissociating ourselves from imperialism as quickly as possible, what we have been doing, of course, is to play a role within the Movement of the Nonaligned Nations, mainly expending the greatest possible effort to attain a new international economic order.

#### North-South and South-South Cooperation

With respect to an international regional approach to this matter, we consider it highly important to develop the closest possible relations with other Third World countries. We think that, while the struggle is under way to achieve greater North-South cooperation, an increased South-South cooperation should be developed. Therefore, we have been developing far closer ties with several countries of this region: with Cuba, with Nicaragua, with Ecuador and with Venezuela. We have been attempting to establish relations with Mexico, with as many countries in the region as possible, while at the same time we are strengthening our relations with the French islands, with the Dutch islands, Aruba and Curacao; and we have intensified our ties with the English-speaking islands with which we have traditionally had good relations.

These are some of the things that we have been trying to accomplish: in the internal area, democracy and economic transformation; and, in the international area, taking the necessary steps to put this national development into effect.

### Socialism

[Question] You have covered the entire panorama, but of course there are a few questions that I would like to ask you. In the first place, New Jewel [the New Jewel Movement, Premier Bishop's party] has never made a secret of its basic socialist orientation. How do you view the development of the revolution over the medium and long terms? It is democratic socialism, or what kind of socialism is the end goal of the New Jewel revolution?

[Answer] Well, we are not basically concerned with making that type of projection just now. In our opinion, we must move by taking one step after another. Our approach to the question about what we are is not greatly concentrated on the classification that is applied. Yes, we describe ourselves as socialists. We consider ourselves to be very clearcut about our definition of that term, but we think that the best way of determining what type of socialism it is that we are experiencing, or what type of socialists we are, is to read our Manifesto, and find out about our policies and our programs; to see the interests that we have upheld through the years, and what we have stated in our documents regarding our overall plans for the future; and, in particular, to observe our social practices, to see what we have done during the past 8 years of our existence. That is, essentially, our approach to the matter. Frankly, we would not like to become greatly involved in that business of resorting to definitive classification, but we call ourselves socialists; we think that we are such, and we think that we are very clearly apprised of what that means to us.

[Question] Is the notion of self-management an approach for the entire state sector of the economy?

[Answer] Definitely. We believe that this is something we must accelerate within the state sector.

[Question] Prime Minister Bishop, in quantitative terms, what is the relationship between the state sector and the private sector in this phase of the economy, and the cooperative sector?

[Answer] In the agricultural area, the state sector would have a volume equivalent to a sixth of the country's arable land; however, that is not saying very much, because there is a great deal of arable land which in fact is not being cultivated. So, in terms of the land for cultivation which is in fact being worked on, the state sector would own considerably more than that: I would say a third of the land currently being worked on.

[Question] Was that land Gary's property?

[Answer] A large amount, yes. Much of that land was actually acquired in Gary's time, and we are nationalising it.

[Question] Has the state had little in the way of manufactures thus far?

[Answer] There are virtually no manufactures in the country. Apart from a small amount of textiles, there are actually none.

#### Outward and Real Legality, the Elections

[Question] Another question regarding internal development. Are you considering a new state structure from the standpoint of the people's power? How are you carrying that out? You mentioned mass organizations, and that is quite clear; but, with regard to the very structure of the state, are you restructuring it? What about a new constitution? I find this to be a question which comes up quite often in the Caribbean, on the part of those who are not very sympathetic toward it. In any event, would you care to tell us something about it?

[Answer] All right. First of all, our view is obviously that we are still in a very early phase: the revolution is barely 2 years old. Formats and mechanisms and organizations which are just coming into being and being tested in the crucible of real life cannot be institutionalized.

[Question] Mr Bishop, there is another question being asked abroad (and I intend to ask you all the questions that are relevant). It involves elections, and the entire problem of a pluralistic society and a certain political system. What can you tell us in this respect?

[Answer] Yes, we have pluralism. We think that what we have at present is social pluralism. There are opposition organizations which are at liberty to act. I would say that, at the present time, the masses in particular do not have much interest in the opposition. The revolution is still young, and the revolution has brought many benefits to many people in a very short time.

It has given them a new sense of dignity, pride and patriotism; and hence the ideas coming from the opposition, particularly the reactionary ideas, do not evoke much sympathy among them right now. But yes, that is our view. So, insofar as elections are concerned, in the first place, we think that the kind of elections which we have, parliamentary elections based on the Westminster democratic parliamentary system, do not apply very well to our particular situation.

That is our first view. We do not think that this Westminster system works well; we know that, in reality, it is a way of entrenching "hypocrisy," not "democracy."

On the subject of elections, I would like to say something else: The last elections held in Grenada were in December 1976, with the system that we inherited. We have 5 years and 3 months until the next elections, which means that they will take place in 1982. If one takes the date March 1979, when the revolution occurred, that would bring us to 1984. Hence, I am quite serious in saying that the people do not understand why they should be concerned about elections now, when the 5 years have not even elapsed. Obviously, there are individuals who would like to use all the machinery and the process of the elections for destabilizing activities.



Finally, I would like to explain this: Obviously, as you know, elections do not pose a real problem for most of those who are concerned about approaching them. They certainly do not for the United States, which does not ask Chile about its elections. It does not ask South Africa about its elections, nor South Korea, nor any of its friends heading all the dictatorships that exist in the world. Is it going to come here and ask about elections? Furthermore, in the case of the governments which have come to power through elections, the United States has devoted all its time and energy to overthrowing them, as occurred in Chile. Allende did not seize power through a revolution, but rather through the elections of September 1970; but, 3 months after he took office, it had already been decided to overthrow him.

Richard Nixon and Holmes sat down to review the entire operation from an economic standpoint, and did not spare any efforts to overthrow Allende, even before he came to power. At least an attempt to assassinate him took place before he came to power. And they gave him only 3 years. During that period, their destabilizing plot proceeded at full speed and full force, through EL MERCURIO, through the IMF and the World Bank, through the native capitalists, and through the multinational companies operating in that country; in other words, through all possible means. And, in fact, when Allende was finally overthrown, it is a highly significant observation that they had not closed down EL MERCURIO, the workers had not been armed, the judiciary had not been arrested, and no attempt had been made to change the balance of forces in Congress...in other words, the state apparatus remained intact. Even so, a procedure was insured to overthrow Allende....Clearly, the elections are not a problem, but rather the ideals which a person upholds, and that is what they really attack.

Jamaica and Michael Manley also represent a recent example of exactly the same thing. So, elections do not represent any problem. No one is going to pressure us to hold elections. We shall call them when we are ready, or when our people are ready. And the fact is that, in the interior of this country, the masses do not want to know anything about elections. What they want is that we undertake the solution to what they consider (and we agree) to be the true priorities: jobs, social benefits, carrying out the democratizing process, etc. These are the things which concern us for the present, and the things to which we are devoting our attention at present.

[Question] Prime Minister, would you agree that, when one listens to what you have been saying, the Grenada revolution appears to be pursuing its own path, a path which has taken into account many other experiences, but which has its own assessment of the social, economic and international conditions of Grenada?

[Answer] Absolutely. But the fact is that all revolutions pursue their own path.

#### Relations With the United States

[Question] Mr Bishop, now I would like to focus totally on the international aspect. Of course, your main concern and problem at present (not because it is a concern of yours, but because the other side has created this type of situation) is the relations with the United States, with the Reagan administration. In what ways do you feel its pressure, and how do you discern these relations? I am also referring to the fact that, according to what I have heard, you have written a letter to President Reagan. What is the content of that letter, insofar as you can tell me, and, basically, what was its purpose?

[Answer] From the standpoint of types of pressure, I would say that we have borne every kind that the Americans can exert, except one. In April 1979, the magazine NEWSWEEK published an article in which it was claimed that the National Security Council had an active interest in blockading Grenada. In the end, no agreement was reached about this blockade, but it was already being considered just a few weeks after the revolution. In May 1979, 2 months after the revolution, we learned that the CIA had devised a plan; this plan had been delineated in the form of a pyramid. At the base was destabilization through propaganda, by publishing all the usual negative articles by radio and television, in newspapers, etc. Halfway up the pyramid was economic sabotage, economic aggression and economic destabilization. And, at the top of the plan there was counterrevolutionary and terrorist violence, assassination attempts and invasion. To date, we have witnessed each and every one of those incidents, except invasion. All the others have taken place, and they are continuing to occur right now.

We have observed the economic aspect in various forms through the years. For example, last year our country was devastated by the tail end of the hurricane which demolished some of these islands. Grenada, together with Dominica, Saint Vincent and Saint Lucia, four islands, comprise what is called "The Banana Association of the Windward Islands." This association requested American aid for rehabilitation after the hurricane, and the response was: "We shall grant that aid only if Grenada is excluded."

We recently requested a loan from the IMF, from the fund for the islands. The experts arrived and remained for several months. We sent the documents through the IMF system. You know how that system works: Once it goes through all the paper work, it reaches the Board of Directors, in what is the normal procedure. On the day before the meeting of the Board of Directors, the American member made use of his right to vote against it, and succeeded in eliminating our request, so that we could not receive the loan.

[Question] What was the amount?

[Answer] At that time, we were attempting to obtain \$12 million from that special fund, which represented a rather large portion of our capital investment program for this year.

We have also observed this recently in the matter of the airport. As you know, we are building an international airport; well, we do not yet have all the financing that is needed.

There is also evidence of many terrorist and counterrevolutionary activities; for example, on 19 June of last year, a bomb was set under the platform on which all the leaders were seated on the occasion of the marking of Heroes Day, one of our national holidays. And we have evidence that the imperialists were implicated. The technology of that bomb alone proves it, because our people know nothing about making bombs. It is something alien to us.

Last year, when five persons were killed on the same night, we also found evidence in that case that the incident was due to foreigners.

[Part 2, 12 Jun 81 p 16]

[Text] On Defense

At the present time, therefore, we presume that the part of the pyramid I mentioned to you which has not yet been put into effect, that is, the invasion of our country, is still a possibility; and, obviously, it is our intention to reinforce our vigilance and to bolster our defense capacity.

Militias?

Yes, by means of the militia. We have been promoting the population's militancy, which is being achieved successfully. The people's attitude and spirit of struggle are very steadfast, and we have no doubt that, if they went so far as to invade our country, they would find that they inherited a destroyed country; they can be sure of that.

[Question] What can you tell me about the letter that you sent to President Reagan? Does it indicate Grenada's willingness to establish normal relations with the United States and ask the latter to put an end to its aggression?

[Answer] Of course. Actually, the letter has been made public, because after it was written and we waited over 6 weeks without receiving a reply, we decided to publish it. What our letter did, basically, was to inform Reagan that we had heard that one of the departments of the American government had admitted that there had been an attempt to block the granting of financing to us to finish the international airport; that we were greatly disheartened by this decision; that we were, of course aware of all the previous attempts that they had made against our country; that we could not understand why the richest and most powerful country in the world wanted to destroy the economic development of one of the smallest and poorest countries in the world; that, in our opinion, the time had come to put an end to this situation; and that we, as we have always claimed, did not want to have bad relations; that many of its citizens are settled in our country; that many of its students live in our country and attend Saint George's University, our school of medicine; that its tourists come to our country each year, and many of our citizens reside in its country; and that, from our standpoint, there is absolutely no reason to want bad relations. Therefore, what we proposed to them was to hold high-level talks between the two governments to discuss the problems openly, with the hope that this would result in the foundations for the establishment of better bilateral relations.

[Question] You have not received a reply?

[Answer] No, no reply to date.

With Mitterrand at Elysees, the IS [Socialist International]

[Question] Do you think that Mitterrand's victory could help you in the EEC with regard to the airport project?



[Answer] We certainly hope so, and we think that this will be the case. We believe that Mitterrand's victory has been a positive achievement in Europe, and that it will have effects within the EEC. In fact, the man who was commissioner of development for this part of the world is now minister of foreign affairs, and we are sure that this means very good progress.

[Question] Tell me, now that we are discussing problems which evoke interest in Europe: The movement of which you are a leader is a member of the Socialist International. What does that mean to you, insofar as the political and ideological areas, and that of action, are concerned?

[Answer] Well, insofar as the political and ideological areas are concerned, our view, to a certain extent, with regard to the three aspects, because I really consider them merged in this particular case, our view concerning the Socialist International is very simple. We think that authentic anti-imperialist forces are represented within the Socialist International, and that, particularly where Latin America and Africa are concerned, the Socialist International has had a record consistent with its position of backing the national liberation movements or the revolutionary democratic organizations, in opposition to fascism and dictatorship. Consequently, we think that, in terms of our own objectives and our foreign policy, membership in the Socialist International would necessarily be advantageous for us.

[Question] I understand that the Socialist International not only created a committee for the defense of Grenada, but is also planning a meeting in Grenada itself, very soon. Is that correct, and when do you expect that meeting to take place; what expectations do you have in that regard?

[Answer] The meeting will be held in Grenada at the end of July. It will be one of its regional meetings, one of the annual regional meetings of the Socialist International; and, in its usual fashion, it will deal with events in the region, the Latin American and Caribbean region; the impact of the worldwide economic crisis on our economies, and political events, unquestionably with particular reference to those in El Salvador. The latter is one of the main topics on the agenda. Also, consideration will probably be given to the problem of the people's participation in countries such as ours, as another point on the agenda. And, as you say, the Committee of Solidarity With Grenada will also undoubtedly be formally established, because it has not yet been formally established.

#### Nonalined

[Question] Now you mentioned the topic of nonalinement. Would you tell me what nonalinement means to Grenada. And do you support the original basic principles of nonalinement, which of course include the movement's antibloc essence?

[Answer] Yes, we still believe in that. Of course, we believe that the nonalined movement is a force which is growing, a constructive force and a dynamic organization; and, therefore, there will, naturally, be sporadic changes in the different aspects of the nonalined movement at certain junctures in history. But we firmly believe that the basic principles of nonalinement, as we interpret and express them, are very important. They still represent basically what the original founders declared. The nonalined movement certainly best reflects our own thinking and that

of our government with regard to the type of foreign policy that interests us: an anti-imperialist, anticolonialist, antineocolonialist and antiracist policy.

### Times of Danger

[Question] In the nonaligned world, and not only in the nonaligned world, as you are undoubtedly aware, during recent months there has arisen a growing concern over the deterioration of the world situation; there are tendencies toward a new cold war between the two blocs; there are obvious new tendencies toward dividing or redividing the spheres of influence; and people are worried over the possibility that this may deteriorate to the point of causing really serious problems for all of us. What does Grenada think about that situation?

[Answer] Yes, we too consider these very dangerous times. We think that there are very clear signs of threats to peace, both in the region and internationally. We think that the main reason for this is unquestionably the fact that the Reagan administration has chosen to adopt countless aggressive positions, such as the increasingly frequent statements with which it is threatening all the nations of the world. We believe that the notions being expressed, the notion of international terrorism and the notion of linkage are extremely risky notions. After all, international terrorism is a very convenient means, not only for abandoning the Carter doctrine on human rights which has proven very inconvenient for them, so that now they no longer have to condemn the "Chiles" and the "South Koreans" and the "South Africans." Now, they even invite them to North America. But it is also a means of lumping together and categorizing as "terrorists" the entire socialist world, the nonaligned world, the national liberation movements, the democratic revolutionary countries: in short, all the democratic and progressive countries in the world. Because when they talk about international terrorism, any report, as Jeane Kirkpatrick, the ambassador to the UN remarked recently, mentions not only small countries such as Cuba, but in that same article to which I refer, there was also included the Catholic left and the members of the Socialist International.

One of the greatest misfortunes of the present time for the world is that all the rhetoric of the Reagan and Haig, but especially Reagan, presidential campaign, is becoming a reality.

During the presidential campaign, they mentioned the possibility of using the food problem as a weapon; now that is an institutionalized fact. They have stopped their food assistance to Mozambique, and have broken their wheat agreement with Nicaragua. You know that all these policies which they advocated so much in the past are now being witnessed by us converted into a reality.

The worst thing of all at this time, something that is particularly dangerous, is the evidence that both Reagan and his cabinet are not considering merely their preeminence over the small Third World countries, but have taken the stage, based on their plan to become the new policemen of the world, and to impose, even on the European countries, their own allies, the rules of conduct that they must follow, even regarding their foreign policy and the use of their natural resources.

The present situation is truly alarming. The degree to which they are accelerating military spending in their own country, the degree to which they are "courting" their allies and friends on the international level, the volume of weapons that

they have sent to Thailand and South Korea, Pakistan, etc.; the new agreement with Chile whereby that country can once again take part in their military maneuvers; and the obvious backing that they have given to South Africa. Two days after Reagan's statement about international terrorism, the South Africans invaded Mozambique, and attacked the headquarters of the ANC [African National Congress], killing many comrades.

In other words, all the dictators and all the fascists in the world are now certain that they can do what they want, without having to worry about receiving any kind of pressure from the United States. In Haiti, a few weeks before the elections, Duvalier resumed another wave of repression; whereas for the past 2 years he had eased the repression somewhat.

All this is a very clear and obvious sign that the world is in a highly dangerous phase. And we in Grenada believe that, so long as Reagan does not understand that the world has changed, that there are different social systems existing in the world, that he has no recourse left and can do nothing to change that reality; and so long as he fails to realize that his days as a movie actor when he played "cowboy" roles do not correspond to the reality of 1981, and that, with the world so changed at present, peoples are going to fight for their independence and sovereignty, peoples are going to fight against any obvious attempt to impose his will on them regarding what they should do in their own countries.

For example, if the United States really continues to believe that the Panama Canal still belongs to it and, some day, has the notion of going to Panama to recover it, it will discover that it will have to confront not only the people of Panama, but the peoples of Latin America; and even its friends, the dictators, would unite in such a struggle, under pressure from their own people.

It is a different world, and Americans will have to accept it. But, so long as they fail to do so, we shall have to suffer all these tensions and all the instability; and we shall continue to live with the threat, not only of a cold war, but possibly of a "hot" war.

But there is also a good side: the fact that, when they refused Nicaragua the \$50 million that they had promised it, Libya made \$100 million available to it. They told Nicaragua that they would not give it the wheat, and the Soviet Union provided it with 20,000 tons of wheat. Canada did the same thing. And they went to Mexico, and President Lopez Portillo made a very firm statement, as you may recall, when Daniel Ortega was there about 2 weeks ago, offering Mexico's complete support for, and solidarity with the Sandinist revolution. The United States will have to realize what all this means, because this is the world in which we live, and because it cannot stop Nicaragua, nor Grenada either. We shall construct that airport in spite of it.

El Salvador

[Question] How do you view the situation in El Salvador, and what chances are there of finding a political solution there?

[Answer] Well, we obviously think that what is happening there is something which the Salvadoran people must resolve. Our analysis of the situation is that it has reached the point where one can no longer talk, as the United States is attempting to do, about force from the extreme right or from the extreme left in a mutual conflict. We do not have the slightest doubt that the situation existing there is one wherein the vast majority of the people have united against a very insignificant minority based on the Junta, elements from the Army and, unquestionably, some elements of the nation's capitalist class. But, essentially, what exists there is a movement which is gaining strength, comprised of the majorities, one which is determined to overthrow the Junta and establish a new social, political and economic order in its country. We really believe that there is nothing that can deter the process of change which is taking place in El Salvador. They will not achieve it by sending more advisers and providing larger amounts of weapons; they would have to kill too many people. And, in fact, El Salvador will reach a point where it will have to resolve its own problem. There is no doubt that what will result in El Salvador will be an authentic, democratic, revolutionary country, which will unite with other countries in the region that are undertaking this type of struggle.

#### Relations With Cuba, the Caribbean

[Question] Well, I have two or three more questions. One obviously deals with the relations between Grenada and Cuba. How would you describe them? What do they mean to Grenada?

[Answer] Our relations with Cuba are actually excellent; they could not be better. We have received some very important assistance from Cuba during the past 2 years, which they have given us in an altruistic manner and which has been highly significant to the construction of our country. Its aid has been swift and effective in the areas wherein we have most needed it. We have requested the help of Cuba for specific matters, and, based on our own judgment and needs, they have helped us insofar as they could. There has not been an assistance based on the construction of Cuban factories in our country, nor on the expropriation of profits; nor have they given it to us as alms. Rather, they have provided us with the technical facilities and infrastructure so that we can continue thereafter without their intervention.

For example, their assistance in the area of fishing has been highly effective: They have supplied us with fishing boats, and have helped us to establish a fishing school and a fish processing plant; so that, when their experts return to their country, our people can continue to develop the process.

Similarly, their assistance concerning the international airport has been very valuable. They have also given us vital aid from the standpoint of doctors and dentists; which has had a considerable impact on the quality and quantity of health services in our country.

Generally speaking, I would say that the relations with Cuba have been very important to us and, even if we had not received any aid from them, and even if they had been unable to provide it to us, in any event the relations between our two countries would be very cordial, because we consider Cuba one of the Caribbean nations that has achieved tremendous accomplishments since 1951 and, consequently, we regard it



as a country from which we have a great deal to learn. We also consider Cuba to be a country which has assumed a major position on the international level, in various respects, but particularly insofar as Angola is concerned. In any event, it is a country with which we certainly would have striven to establish the best of relations.

[Question] What can you tell me about the Caribbean area? What role will Grenada play? Are you interested in CARICOM [Caribbean Common Market]? Is cooperation in the Caribbean possible on a realistic basis? What are the first experiences from the past 2 years?

[Answer] Yes, there have obviously been some problems, particularly with one of the countries: Barbados, on account of its prime minister. But our assessment is very strong, from the standpoint that we have had very close ties based on blood, history, geography, trade, family bonds, etc., in this entire English-speaking area of the Caribbean. In all sincerity, those ties are unbreakable. Even if we wanted, or if anyone else so desired, those ties could not be broken in the region. We consider them very important, and we are anxious to preserve and intensify them. That is the significance of the Declaration of Saint George's. We are about to join an organization of the smallest states in the Caribbean, called the "Organization of East Caribbean States," and consisting of only seven islands, compared with the 13 which belong to CARICOM. It is a means of guaranteeing better coordination in various areas: foreign policy, defense and security, economic cooperation, trade and a variety of fields associated with the seven small islands that belong to this organization. It also serves to provide these seven islands with a larger radius for action and greater solidarity for negotiating with the larger islands in the CARICOM area. In other words, it is not a competitive organization, but rather an organization that will guarantee better cooperation; and, in this way, it will also be able to contribute to the improved progress and development of CARICOM itself.

#### Satisfaction Over What Has Been Achieved

[Question] We ask Maurice Bishop this question personally: What is his opinion of the revolution which he heads 2 years after its victory? Is he satisfied? What are the prospects that he sees for Grenada's progress?

[Answer] I think that I can cite satisfaction in many respects. We are certainly very happy about the fact that our people's nationalism has become intensified, and that it has become evident as a result of the revolution; because previously that nationalism had been completely broken up. We are also very satisfied that we have been able to have our people participate so enthusiastically, and feel so motivated by our revolution. It also pleases us that our people have been able to receive the social benefits that the revolution has brought: the free health services that have been established, the free secondary education which began in September, and the considerable expansion of health. These areas make us quite satisfied with what has been achieved.

The fact that our people are proud once again of being citizens of Grenada, with a new spirit of patriotism, the new sense of dignity and worth that they have: all this represents a great deal to us.

But we also observe the areas wherein we have not yet attained what we desire. We would like to have progressed more quickly in areas such as the workers' cooperatives. They have some objective problems and, of course, subjective problems as well; but, nevertheless, there has been a beginning, and I would say, in answer to your question, that, generally speaking, we think that we have managed to progress considerably. However, we do not consider it sufficient, and we trust that, during the coming year, we shall have more deepseated reasons for feeling satisfied with the achievements that the revolutionary process has made.

[Question] Thank you very much. We should consider the interview finished with this, but I have overlooked a question that I must still ask you. It is the question about the party. Has the party's orientation been established in the society?

[Answer] The party has grown...The party was organized in March 1973, with the merger of two political organizations. Essentially, we began with a mass mobilization associated with the problems. In fact, the entire first year was devoted to holding very large demonstrations and a general strike, which constituted our essential thrust and our statement of the problem. From there we moved to the center line, attempting to form a vanguard party which, naturally, placed far more emphasis on organization, and not just on mobilization.

Similarly, during that period we started to delve deeply into our ideological essence, establishing study groups so as to develop a more scientific and more organized party. In 1976, when we participated in the elections, we did so as allies of the people, with the people's alliance. With that experience, we set up the youth section and the women's section; and we also began to become more seriously integrated into the labor union, now on the party level, because several of the labor union leaders had been very closely associated with the foreign trade unions.

Hence, through the years the party has become strengthened, and has intensified its bonds with the masses of workers; and, since the revolution, the party has grown spectacularly. In fact, the last orientation and initiation for applicants and candidates for membership showed a truly sizable increase in numerical terms. We shall not give the figures, but from a statistical standpoint it was a rather substantial increase. I would say that it is currently one of the areas most satisfying to us. It is, of course, a particularly important area owing to the role that the party must play with regard to achieving the transformation, especially in the situation in which we find ourselves, wherein there is a very serious shortage of human resources, and therefore there is a need to train groups of experts, not just to enable them to play a role in the political organization, but also in the economy which must be built, and in the reconciliation that must be achieved between these two factors.

[Question] Do you consider the party, the party itself, to be a party of scientific socialism?

[Answer] We consider it a vanguard party. We believe that we are constructing a new type of party, and it is in those terms that I prefer to describe it at the present time.



**NEW MINISTRY OFFICIALS SWORN IN**

Georgetown GUYANA CHRONICLE in English 7 Jun 81 p 20

[Text] Five new Permanent Secretaries were sworn in this weekend to serve in a number of Ministries.

They are Cdes Leo Ramoutar, who will be attached to the Ministry of Crops and Livestock, Hector I. Leal, Ministry of Fisheries, M.L. Persaud, who will be responsible for Drainage and Irrigation, C.A. Huntley, Ministry of Cooperatives and Joseph W. Holder, Permanent Secretary, Ministry of Works.

The Oath of Office was administered by Cde C.E. Douglas, head of the Presidential Secretariat.



CDE PERSAUD



CDE LEAL



CDE HOLDER



CDE HUNTLEY

CSO: 3025/167

## BRIEFS

**RUBBER INDUSTRY**--The possibilities of developing the local rubber industry as a viable economic project is presently being studied, Assistant Conservator of Forests Oswald Sampson has said. A survey of abandoned rubber plantations throughout the country, and the documentation of data on rubber cultivation were recently completed by the Forestry Inventory Section of the Guyana Forestry Commission. Cde Sampson stressed that the survey was conducted in all parts of the country and two areas Alikai, Essequibo River, and Wauna, North West District were earmarked for reactivating the industry. Cde Sampson remarked that if the rubber industry were reactivated it would be done on small scale holdings rather than on the plantation system with hired labour. [Excerpt] [Georgetown GUYANA CHRONICLE in English 8 Jun 81 p 16]

**CYPRUS-GUYANA TIES**--Cyprus's new non-resident High Commissioner to Guyana Mr Andreas V. Navrommatis has said that the distance between the two countries is bridged by Guyana's approach on most national and international issues. Mr Navrommatis, who is based in New York, was at the time presenting his credentials to Vice President for Parliamentary Affairs, State and Party Relations Commie Ramaroop at State House yesterday. And he made reference to the invasion of his country by neighbouring Turkey in 1974. He said that about 40 per cent of Cyprus was occupied by Turkey, "which was supposed to be one of the guarantors of our independence." "That Cyprus, despite this aggression, managed to survive is due not only to the determination of its people but also to the succour and sustenance both within and without the United Nations from the Non-Aligned countries," he said. And the Vice-President spoke about respect for the sovereignty and territorial integrity of all states. He said that Guyana and Cyprus have been able to cooperate on a number of issues, and added that it was important "in this era of international crisis for Non-Aligned countries to follow firmly on the path on which the movement has been founded, and on which it has earned the respect of the international community. [Excerpt] [Georgetown GUYANA CHRONICLE in English 16 Jun 81 p 16]

**EMBRY TO BEIJING**--Cde Altaf Mohamed, Director of the Department for Asia, Africa, the Middle East, Eastern Europe and International Organisations has been appointed Guyana's third resident Ambassador to Peking, succeeding Cde John Carter. Guyana's Ambassador to China is also accredited to the DPRK and Japan. Cde Mohamed returned to Georgetown last year from Peking where he served as Minister Counsellor from 1976. [Text] [Georgetown GUYANA CHRONICLE in English 16 Jun 81 p 16]

**BULGARIAN COOPERATION**—Bulgaria's new Non-resident Ambassador to Guyana, Cde. Konstantin Iristov Tellalov has declared his country's willingness to sign a cooperation pact with Guyana. And Vice President for Parliamentary Affairs, State and Party Relations, Carmie Ramaroop has assured the Ambassador of meetings with top Government Ministers, and heads of state agencies to enable several agreements now being processed to bear fruit to the mutual advantage of both countries. The promise and declarations were made when the Caracas-based Bulgarian Ambassador presented his credentials to Cde Ramaroop at State House yesterday. Cde Tellalov has replaced Cde Boiko Guearguiev Domitrov. He told the Vice President that Bulgaria was willing to tie-up cultural, commercial and technical agreements with Guyana before the end of this year. He added that he would be open to any new ideas and suggestions leading to an all round widening of cooperation between the country's social bodies, and organisations from all spheres of life. Vice-President Ramaroop, who on Monday had received Cyprus, new Ambassador Andreas Mavromatis, made it clear that there was scope for expansion of trade, economic, scientific and cultural cooperation between the two socialist countries. He also referred to Venezuela's claim to five eighths of Guyana. He noted that Guyana's progressive march towards establishing a socialist society and the development of its resources faced a threat from a neighbour which has resorted to economic aggression. [Text] [Georgetown GUYANA CHRONICLE in English 18 Jun 81 p 1]

**OPPOSITION TO NEW BUDGET**—Georgetown, Guyana, June 22, (CANA)—Four affiliates of the Guyana Trades Union Congress (TUC) have called on the organisation to strongly protest the Government's revised 1981 national budget, because of the financial pressure it puts on the masses. The four--the Guyana Agricultural and General Workers Union (GAGWU), the Clerical and Commercial Workers Union (CCWU), the National Association of Agricultural, Commercial and Industrial Employees (NAACIE) and the University of Guyana Staff Association (UGSA)--told the TUC in a joint letter that the revised budgetary measures would have 'disastrous effects on the livelihood of workers.' [Excerpt] [Kingston THE DAILY GLEANER in English 24 Jun 81 pp 3,21]

CSG: 3025/167

PLI HOLDS SEMINAR, MAKES RECOMMENDATIONS

Managua LA PRENSA in Spanish 20 Jun 81 p 16

[Article by Alfonso Calero]

[Text] --National Unity and the Historic Role of the PLI

--Patriotic Front of the Revolution

--The International Relations of the Revolution

--The Need to Define an Economic Policy

--Health Problems

--Education in Nicaragua

All these topics were covered in a seminar held recently by the Independent Liberal Party (PLI).

The document drawn up at the end of the seminar begins with a brief historical summary of the party's struggles, including civic activities and the clandestine contribution "which the PLI and its members always made" to the Sandinist National Liberation Front (FSLN).

"The PLI has contributed human and financial resources to all armed movements, putting into practice the principles that have motivated its political action," states the document.

National Unity and the Historic Role of the PLI

"When it was founded in 1944, and 2 years later in 1946, the Independent Liberal Party adopted as its basic principles libertarian postulates that require undying support, such as: Nationalism, Anti-Imperialism, Popular Participation and Effective Democracy," stated the task force that worked on this issue during the political gathering.

With regard to unity, the PLI stresses that it has always maintained "the unity theory." The example of the "political alliances" formed to overthrow the dictatorship, including the National Patriotic Front, was cited.

## Patriotic Front of the Revolution

It was agreed that the Patriotic Front of the Revolution (FPR) is truly needed "because it disseminates abroad the pluralist nature of the Sandinist Revolution."

It was added that "the external manifestation of pluralism is merely a reflection of internal pluralism, which forms the basis of the Revolutionary Alliance. . ."

Among the recommendations made by the PLI concerning the FPR, are the following:

"The Popular Alliance of the Parties that make up the FPR should always be considered a Permanent Strategic Alliance."

"The FPR should serve as a consultative organization in decisions that affect national life on all levels, as a condition for the effective management of National and International Policy."

## The International Relations of the Revolution

"There was great concern about the fact that since the triumph of the revolution, although there have been undeniable and significant achievements, it is also true that many of our friends who helped decisively in our victory have had misgivings about certain emotional outbursts (involving more words than deeds). The result has been an erosion of the unconditional support the revolution enjoyed in the beginning," stated the PLI committee that studied this topic.

Other points brought out during the political seminar include the following:

"The evident inconsistency of our foreign policy, mainly due to the plethora of contradictory sources that formulate such policy."

"The fact that many of the errors committed in this area stem from ignorance of history, and of the international dynamics of today's nations, those of the Socialist camp as well as the Western nations, and even non-aligned countries."

Based on these factors, the following recommendations were made:

The need to "promote, enhance and expand our international relations with all the countries of the world in all spheres, with a view to putting into practice the concept of non-alignment, while recognizing where our true allied objectives lie."

It was also suggested that relations with Third World countries be consolidated, and that solidarity be expressed "especially with those nations that are struggling for liberation."

"There is an urgent need to establish and develop a foreign policy that is consistent with the mixed nature of our economy and the political pluralism of the Revolutionary process, to strengthen the government as an exclusive executor, and to give the Foreign Ministry the necessary responsibility," concludes the PLI document on this issue.

## Need To Define an Economic Policy

The PLI believes that a short-term solution to the economic policy must be found.

It was noted "that after the FSLN came to political power, conditions were obviously lacking for the immediate establishment of a program that would reactivate as soon as possible the devastated Nicaraguan economy."

The PLI recognizes "the progress made in political organization, as well as the achievements in education, health care, labor, the sharing and distribution of wealth, etc."

"However," the document goes on, "despite all these accomplishments, it was stressed that popular enthusiasm for the revolutionary process has waned since the first days, and is gradually fading away; this phenomenon is becoming apparent among the internal friends of the revolution, in a broad range of social classes where discontent is being voiced not about the revolution, but because people do not like the course that has been chosen, based on the opinions of each of their leaders."

"In this respect it was noted that there is a kind of anarchy in the management of the economy by the complex state apparatus. Different ministries and autonomous bodies make their own policy, regardless of the directives frequently issued by the Ministry of Planning, executing and interpreting economic policy in an arbitrary manner," the document adds.

It was stressed "that one of the fundamental principles of the revolution, the Mixed Economy, is still misunderstood by sectors that could be making a contribution. This is because the mechanisms for handling this concept have yet to be developed," says the PLI.

## MIDA

In another paragraph, the document discusses the progress and achievements of the MIDA [Ministry of Agricultural Development], but comments "that the latter often becomes detached from the better ordering of the rest of the economy, and has in fact become a mini-state with practically its own education and health systems, its own cooperative network and even its own sources of financing and resources, with no apparent subordination to the overall balance of the entire economy, under the aegis of the Ministry of Planning."

## Recommendations

The recommendations in this field included the following:

--"Do away with the existing anarchy, returning decision-making powers to the state and clearly establishing an Office of Economic Management under the Ministry of Planning."

--"Restructure the MIDINRA [Agrarian Reform Institute], setting up separate entities to deal with the policy of agricultural development, the problems of agrarian reform and the Administration of the Agricultural sector of the People's Property [APP]."



--"Recognize more explicitly that there is a special identity on the Atlantic Coast, and that a strategy for its development and integration should be devised, based on strategic industries controlled by the state."

#### Health Problems

Concerning the Single Health Care System, it was observed "that there are no health policies consistent with the process of development and socio-economic accumulation in this country, while there is a great degree of weakness in the technical-statistical support systems necessary to meet real health needs. There is no medium-term National Health Plan," asserts the document.

With regard to the budgetary structure, "it was noted that there is a paucity of resources allocated for programs of prevention and health education, which respond best to our epidemiological profile," commented the PLI.

#### Recommendations

These are some of the recommendations:

--"The promulgation of a law to regulate the compilation of vital statistics."

--"Health care services cannot be expanded at the expense of health care for active workers, who are, in the final analysis, the direct producers of our national wealth. A certain quota of medication and medical care should be earmarked for those patients."

--"The budget for prevention, health education and primary health care programs should be increased," and

--"It is recommended that medications of equal effectiveness be manufactured in the country at a lower cost, to replace those which are imported."

#### Education in Nicaragua

In this area, the PLI recognizes "the positive results of the National Literacy Crusade, its popularization, the increased learning capacity of students in primary and secondary education. . ."

However, states the PLI, "there is no basic philosophy to guide education in Nicaragua; that is, there must be an ideological, conceptual frame of reference to orient education planners and supervisors, as well as teachers, parents and students."

#### Other Points

The lack of a definite plan for all educational levels to be integrated in the medium term was noted.

"The poor quality of education and the high drop-out rate" were also pointed out, while it was asserted that there is "too much bureaucracy in some sections of the Ministry of Education."

## Recommendations

### Recommendations included:

--"A clear definition of the philosophy of Nicaragua's new educational system should be drawn up immediately."

--"The National Council of Higher Education and the Ministry of Education should be urged to make an exhaustive study of the reasons behind the low scholastic achievement and to propose relevant solutions," and

--"The National Council of Higher Education should be urged to fill university professorships in a competitive process, with preference given to qualified Nicaraguans."

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CSO: 3010/1476

## CDS INAUGURATES NATIONAL HEADQUARTERS

Managua EL NUEVO DIARIO in Spanish 20 Jun 81 p 9

[Text] At the opening yesterday afternoon of the new National Headquarters of the Sandinist Defense Committees (located across the street from the Journalists' Headquarters), commemorating the death of the heroic combatant Rene Cisneros Vanegas, Leticia Herrera, secretary general of that organization, outlined a new objective for the Sandinist Defense Committees (CDS) across the nation. She asserted that they must become the belligerent and dynamic liaison between the Vanguard and the people.

"Commemorating the death 2 years ago of our brother Rene Cisneros," she stated, "today we commit ourselves to improving every day, becoming more faithful adherents of Sandinist principles, better interpreters of the needs and concerns of the working masses, and above all a dynamic liaison between the Vanguard and our people."

Cmr Herrera spoke about Comrade Rene Cisneros, claiming that he was a hero of the revolution, a man endowed with an extraordinary revolutionary spirit.

She said that, following the example of that great soldier, the members of the CDS will respond to the interests and needs of our people, and will inspire and consolidate other liberation movements in our America.

"In view of imminent imperialist aggression," she added, "let us make an earnest effort to organize ourselves better in order to achieve higher levels of defense in support of our process."

"In this manner we will carry out the tasks the revolution requires of us, because we are no more than the reflections of a people that is willing to create a new man and forge its own destiny. For this reason, we must be more committed than ever now to guaranteeing the defense of the revolution. Moreover, by doing so we would be honoring the memory of our heroes and martyrs such as Rene Cisneros Vanegas."

"Let us carry on," she went on, "in the revolutionary spirit of these men, of Sandino and Fonseca; let us make our daily tasks an obstacle against which our enemies will crash in their maneuvers. Let us be more combative, more steadfast, more Sandinist, more revolutionary."

To begin the ceremony, Comrades Nora Navas of the CDS Executive Committee and Aura Lila Ulloa addressed the audience, recalling the liberation activities of Comrade Rene Cisneros Vanegas, who was killed in combat 2 years ago.

They noted that he was an exemplary man who dedicated much of his life to the cause of the oppressed, the cause of the workers and peasants. They stated that he was one of the most outstanding leaders of the United People's Movement and founder of the Civil Defense Committees, the legitimate predecessors of the CDS.

They pointed out that his struggle and his example should be noted by all members of that mass organization so that they will work harder for the defense and consolidation of the revolution, and, if necessary, die as Rene Cisneros Vanegas died. His thoughts, example and deeds will remain forever in the hearts of all members of the CDS.

At the close of the ceremony, CDS comrades presented a floral offering to the parents of the hero, Alfonso Cisneros and Elena Vanegas de Cisneros. Then the plaque of the National Headquarters building that will bear the name of that exemplary soldier was unveiled.

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## BRIEFS

**VENEZUELAN DEVELOPMENT AID**--Venezuela has informed Nicaragua through the Venezuelan Investment Fund (FIV) that \$55 million from the first Economic Cooperation Agreement for oil facilities, is available for proposed development projects for Nicaragua. In addition, under the agreement signed in San Jose, Costa Rica, by the Venezuelan and Mexican presidents in August 1980, Venezuela has deposited another \$21 million in the Nicaraguan Central Bank, to be used for the country's top priority development projects. The two figures quoted above, according to Ambassador Yepes Boscan, mean that Nicaragua has \$76 million at its disposal, in the form of deposits made by the Venezuelan Investment Fund, for the purpose of undertaking important development projects. This will make a great contribution to the reconstruction of Nicaragua. Once the Nicaraguan Government presents proposals, said the Venezuelan ambassador, the deposits may be converted into long-term loans under the agreements signed in the two pacts. That is, \$55 million corresponds to the first agreement, with a term of 25 years, a 6-year grace period and an annual interest rate of 7.5 percent; \$21 million corresponds to the second pact, with a term of 20 years, a 5-year grace period and a 2 percent interest rate. [Excerpts] (Managua LA PRENSA in Spanish 18 Jun 81 p 16) 8926

CSO: 3010/1476

COUNTRY SECTION

PERU

ULLOA DENIES DECISION 24 REVISION REQUEST

PY091427 Paris AFP in Spanish 1530 GMT 30 Jun 81

[Text] Lima, 30 Jun (AFP)--Peruvian Prime Minister Manuel Ulloa stated here today that Peru has not presented an official request for revision of the Cartagena Accord Decision 24 of the Andean group which deals with the treatment of foreign investment within the integrationist organization made up of Bolivia, Colombia, Ecuador, Peru and Venezuela.

The Peruvian economy minister and prime minister stated that Peru will not make any unilateral proposal for the revision of that statute.

The report that Peru is preparing legislation on foreign investments and that it will ask for a revision of Decision 24 caused concern last week in circles of the Andean group.

Spokesmen of the organization stated that a request for revision must be sent to the commission, the top organization of the Andean Pact, made up of ambassadors from each of the member countries, and that it must be considered by the technical board, made up of three experts.

Jose de la Puente, the board's coordinator, stated that the revision of such an important decision as the 24th requires the unanimous consensus of the commission.

Ulloa revealed that Peru will follow the appropriate procedure, and also announced today that several meetings will be held next week to discuss some viewpoints regarding Decision 24, although he did not mention at which level.

CSO: 3010/1537



## GAGLIARDI DENIES EXISTENCE OF GOVERNMENT-MILITARY RIFT

Lima EL COMERCIO in Spanish 24 Jun 81 p 4

[Text] The minister of aeronautics, Lt Gen Jose Gagliardi Schiaffino (Ret), emphasized yesterday that there is "close agreement and perfect cooperation" between the armed forces and the constitutional government.

He thereby refuted remarks that were being made concerning a possible rift due to the unfortunate death of Gen Rafael Hoyos Rubio and the consequent change of Army chiefs of staff.

"You can't assume that because there's been a change in Army chiefs of staff," Gagliardi said. "There's no rift between the government and the armed forces," he then noted.

## Investigation

Gagliardi Schiaffino said that the cause of the accident in which General Hoyos Rubio and other Army personnel died in the northern part of the country will be determined by the Accident Investigation Board.

However, he stated that he was sure poor weather conditions were the primary cause of the fatal accident.

He said the helicopter, of Soviet manufacture, in which General Hoyos was traveling is of "known quality."

He indicated that the investigation being carried out should have results consistent with information received before the accident.

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CSO: 3010/1493

## MANUEL ULLOA REJECTS CRITICISM OF ECONOMIC POLICY

Lima EL COMERCIO in Spanish 18 Jun 81 p 4

[Text] Yesterday Manuel Ulloa Elias, chairman of the cabinet, rejected criticism of the government's economic policy by Francisco Morales Bermudez, former president of the military regime, and by Armando Villanueva del Campo, head of the PAP [Arista Party of Peru].

He also said, "The country voted for AP [Popular Action], and we'd be doing wrong in carrying out others' programs when we have the mission of developing our own programs."

He stated, too, that the increase in [investment in] the public sector will begin on 1 July; but he did not indicate the amount. Nor did he reveal the size of the increase in fuel [prices] or when it will take effect.

Speaking with reporters at the Palace of Government after the conclusion of his sector's agreement with President Fernando Belaunde Terry, Ulloa talked about the new gasoline tax, stressing that his objective is to create the resources needed to subsidize, "when necessary, public transportation."

He indicated that in this way users will be protected while the quality of service is substantially improved and fare increases are avoided.

Moreover, Ulloa disclosed that the government is ready to solicit bids for the purchase of 1,300 public transportation vehicles, and he emphasized that the new 6 percent tax on gasoline has been established with equity in mind.

"It is a type of subsidy or tax on those who have more for the benefit of those who have less," he said.

## Experience

When asked about Morales Bermudez' remarks that if a good economic plan does not combat inflation, it is not a good plan, he answered, "Well, he should know that from his own experience; but to think now that in 10 months we should remedy a situation that Morales Bermudez couldn't remedy in 8 years in office strikes me as a little unfair."

However, he stated, "It seems very praiseworthy to me that at this level in the party we all agree completely that the economic plans must be aimed at combating inflation."

#### Confusion

Concerning Villanueva del Campo's comments, he said, "There's a little confusion," after having stated that no one can accuse the Belaunde Terry government of implementing policies or making them similar to those of other regimes that have a program completely different from ours. "This doesn't withstand the least analysis," he said.

He emphasized that remarks cannot be made that have "a clear political purpose, somewhat involving all of the PAP's internal problems, rather than a serious analysis of what is being done."

#### Dialogue

Ulloa said further that when the PAP makes a serious analysis of the economic measures, "because political remarks or comments are one thing and analyses and proposed alternatives are another, I'll be prepared to engage in a discussion and a dialogue."

He stressed that the door to his office is always open to those who want to engage in a dialogue. "I have also communicated that to Deputy Javier Diez Canseco so that he will come to my office to offer his points of view," he noted.

#### Cooperation

On another subject, Ulloa Elias announced that tomorrow the German ambassador to Peru will reveal the first measures his government has taken in connection with the programs proposed at the Paris meeting.

He said, also, that a Spanish mission consisting of 20 people will arrive to look farther into 20 projects the Spanish Government is interested in. Later, a delegation from France will do the same.

He indicated that they all have financing that is very favorable to the country.

#### Bills

Regarding bills passed by the legislature, he indicated that the mission received from the Parliament had been fulfilled with respect to all matters involving extraordinary powers.

Ulloa stressed that a "responsible job" was done, and if errors have been committed, "Congress has the power to remedy them."

## STATISTICS INSTITUTE PROVIDES CURRENT ECONOMIC DATA

Lima EL COMERCIO in Spanish 23 Jun 81 p 14

(Text) The updating of Peru's national accounts by the National Statistics Institute (INE) has revealed that during 1980 aggregate supply continued the rise begun in 1979, increasing by 6.8 percent. Especially marked was the sharp rise in imports, which increased by 44 percent, the highest rate in 30 years. For its part, demand rose 9.1 percent, public consumption having been much greater than private.

For all imports of goods, which represent 80 percent of all imports of goods and services, a 42 percent increase was recorded. This stemmed from expanded importation of intermediate products, capital goods and goods for final consumption, the last-named largely intended to cover the shortage of basic food products.

Examination of domestic production by sectors reveals the following:

#### Farm Products

The GDP of the farming sector in 1980 fell 9.3 percent, contrasting sharply with the previous year's 2.3 percent rise. Considered with the advances and retreats noted during the 1970's, this clearly shows the magnitude of the farm-production crisis.

#### Fishery

The gross domestic product for the fishery sector declined 1.5 percent in 1980. Estimated production intended for indirect human consumption fell 41.2 percent in comparison with 1979 owing to the scarcity of anchovy.

#### Mining

Mining production declined 1.3 percent in comparison with that achieved in 1979. This decline is due to both the change in prices in the international market and numerous work stoppages at various mining centers. It is notable that production of crude petroleum rose only 3 percent.

## Manufacturing

Manufacturing in 1980 continued the recovery noted in 1979. 1980 growth was 5.9 percent, while that for the previous year was 4.1 percent.

The expansion is primarily due to the development of activities oriented toward the foreign market, although there was also a slight rise in production for the domestic market.

## Construction

The construction sector's GDP for 1980 rose significantly, being 17.9 percent higher than that for the previous year, when a 5.2 percent expansion was recorded.

This sector's considerable growth is due, in the first place, to the steady rise in public-sector construction and, in the second, to the marked increase in private-sector construction that stems from expanded investment in construction, especially of housing and other buildings.

## Services

The production of services in the economy is growing at a faster rate than material production, led by the trade sector (4.3 percent) primarily because of a significant increase in imports as well as in national production of manufactured goods. Moreover, the results obtained in this regard reflect increases for transport and communications (6.5 percent); financial institutions, insurance, and real estate (2.3 percent); government (1.8 percent); and other services (2.1 percent).

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### RATES OF GROWTH OF AGGREGATE DEMAND IN 1980

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Aggregate Demand . . . . .	6.0[%]
Final Domestic Demand. . . . .	9.1[%]
Exports of Goods and Services. . . . .	-5.6[%]

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Final domestic demand, which was contracted in 1977 and 1978, improved in 1979 and rose considerably, 9.1 percent, in 1980 because of a substantial increase in investment and final consumption.

One of the most significant aspects of the behavior of final domestic demand in 1980 was the importance of final consumption in the gross domestic product despite a marked rise in investment. In fact, after reaching about 82 percent in 1978 and 1979, it accounted for 84 percent in 1980.

In contrast to this behavior, exports, which during previous years rose significantly with respect to the GDP, broke the pattern in 1980 as a result of a negative rate of growth. However, despite the marked expansion of imports and a deterioration of the terms of trade, a favorable balance of trade was maintained.



## Consumption

Total consumption, which embraces costs of private final consumption and costs of final consumption by the government, rose 5.9 percent in 1980, which considerably surpasses the annual average rate recorded during the period 1977-1980 (1.2 percent). In this regard, it is important to note that public consumption rose 15.2 percent, which also sharply contrasts with the negative rates for the preceding years. Moreover, concerning private consumption, the increase was 4.1 percent in comparison with the previous year.

## Gross Formation of Fixed Capital

Gross formation of fixed capital for 1980 rose 24.2 percent as a result of the 31.8 percent increase in investment in equipment.

This expansion is accounted for by imported equipment, the significant increase in which was primarily due to the policy of relaxed import restrictions and reduced duties.

Regarding investment in equipment of national origin, its growth reflects the rise in production in the areas of fabrication of metal products, machinery, and equipment.

Investment in construction during 1980 rose more than in 1979, increasing from the 3.8 percent recorded for the previous year to 17.8 percent.

This expansion is due to the fact that public investment continued to rise sharply, from 15.6 percent in 1979 to 26.9 percent in 1980. It also stems from the increase in private investment, which rose markedly in 1980, by 10.3 percent, in contrast with a 4.4 percent decline for 1979.

This increase in public investment is the result of the government's continuing to devote larger and larger sums to major investment projects. In regard to the private sector, it was because the government provided greater incentives for investment in construction, as in the case of the FONAVI [National Housing Fund].

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CSO: 3010/1493

## BRIEFS

APRA LEADER HAILS AMNESTY--Ramiro Priale yesterday said that "the amnesty decreed by the National Executive Council for all those expelled from the party is a satisfactory measure because it could pave the way for a swift solution to APRA [American Revolutionary Popular Alliance] problems." He said that the above measure could significantly improve the situation and help attain the much desired unity. The veteran leader who had the honor of setting up APRA plenary meetings in 1956, said that he trusts that the plenary meeting which is scheduled for 3, 4 and 5 July will help attain solutions to the severe problems which have caused the crisis that the party has experienced. [Text] [PY030352 Lima EXPRESO in Spanish 21 Jun 81 p 15]

PARTY MOVING TOWARD UNITY--After two years of "partisan divisions" the Christian Democratic Party seems to have found the path toward unity thanks to its fraternal spirit which has finally prevailed. After making this remark, Juan Lituma Portocarrero, chairman of the new National Executive Committee added that unity has been attained thanks to the reconciliation of the groups led by Carrillo Marchand and Marcos Perez Gonzales. Lituma said that a totally integrated National Executive Committee has been appointed with the participation of the rank and file pursuant to the congress held in January and the plenary meeting held in May. The brand-new chairman of the Christian Democratic National Executive Council stated that the appropriate legal requirements have been complied with before the national electoral court in order to register the new leadership. Asked about Hector Cornejo Chavez, Lituma Portocarrero said that he is a distinguished member who has decided to have no significant active participation in the ranks of the Christian Democratic Party. [Text] [PY030355 Lima EXPRESO in Spanish 21 Jun 81 p 15]

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